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VILLES

A STATISTICAL ANALYSIS OF THE  
TAX BURDEN ON CORPORATIONS IN  
THE STATE OF NEW YORK.....

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**A Statistical Analysis of the Tax  
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the State of New York**

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BEING PART II OF THE 1922 REPORT OF THE  
SPECIAL JOINT LEGISLATIVE COMMITTEE  
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OF THE STATE OF NEW YORK

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# A Statistical Analysis of the Tax Burden on Corporations in the State of New York

By **FREDERICK C. MILLS**

### Object and Scope\*

**Object of the investigation.**— This report summarizes the results of an investigation undertaken for the purpose of determining the relative burden of present taxes on corporations in New York State. Under the existing laws different types of corporations are taxed on different bases. Some pay in proportion to their net income. Others are taxed on their gross earnings or excess dividends. Taxes on certain corporations are levied on capital stock, or on capital, surplus and undivided profits. Combined with these varying classifications, which cut across each other in diverse ways, are general property taxes and special franchise taxes. The complicated character of the corporation tax system has rendered difficult a ready comparison of the burden of taxes on different classes of corporations.

An attempt is made in the following pages to reduce the problem to quantitative terms, on a common basis, in order that effective comparison may be possible.

Specifically, the following have been the ends in view:

1. The compilation of available data on the capital and income of different types of corporations in New York State. Where complete aggregate figures could not be obtained, representative samples were studied.
2. The assembling of all available information concerning the amounts paid in taxes to the State of New York under existing laws by different classes of corporations.
3. The determination of the burden of general tax charges upon different classes of corporations. To facilitate comparison, tax payments have been reduced to a common basis, in so far as this was possible.
4. The determination of the burden of specific taxes upon the different classes of corporations paying them.

\* The Committee desire to acknowledge the aid which has been given in the preparation of this report by the office of the Commissioner of Internal Revenue, Washington, D. C., the Tax Commission and the Public Service Commission of the State of New York, the office of the Superintendent of Banks and the office of the Comptroller of the State of New York. The heads of these departments and the members of their staffs have rendered valuable assistance in this work.

Special acknowledgment should be made of the valuable services rendered by Mr. Donald H. Davenport. A member of the Staff of the Committee since the inception of the work, he has assisted in the administration of the entire investigation and in the analysis of the results.

5. The assembling of such additional material as, in conjunction with the above, might be of use to the Committee in framing proposals for changes in the tax system and in determining the practical effects of such changes.

**Scope of study and sources of information.**—For the purpose of this study, the corporations in the State have been grouped into three general classes, with minor subdivisions. These classes are: (1) Mercantile and Manufacturing Corporations taxed under article 9-a of the tax law; (2) Public Service Corporations; (3) Financial Institutions.\*

The problem of dealing with the first group has been relatively simple, in that these corporations pay a straight tax of  $4\frac{1}{2}$  per cent on their net income. The essential problem has been that of reducing the complex taxes paid by the other two groups to such terms that comparison with the first group might be possible.

Published statistics dealing with the capital and income of these three classes of corporations in New York State have been summarized and studied. It has been necessary, in addition, to conduct an intensive survey of all banks, trust companies and investment companies in the State, and of a representative list of public service corporations.

The sources of information are listed in detail below:

I. General sources, all classes of corporations.

1. United States Government Departments.

Treasury Department; Division of Internal Revenue.

*Statistics of Income*.—1916, 1917, 1918.

In addition to the published statistics of the Division of Internal Revenue, the Secretary of the Treasury, upon the request of this Committee, prepared the following detailed tables, based upon the tax returns of corporations in New York State:

Table 1. Showing sources of corporate income and nature of deductions, by industrial groups, for corporations in New York State, for the year 1918, with detailed information for the following sub-classes:

Transportation and other public utilities:

Steam railroads.  
Electric railways.  
Express companies.  
Electric light and power companies.  
Gas companies.  
Telephone and telegraph companies.  
Water works.

All other public utilities

Total, transportation and other public utilities.

\* Insurance companies are not included in the above classification of financial institutions. The results of a later investigation of the burden of taxes on insurance companies are given in a separate section below. Cf. *infra*, pp. 97-101.

Banking and related business:

National banks.

State banks.

Trust companies.

All other corporations engaged in banking and related business.

Total, banking and related business.

Table 2. Corporation returns—Distribution by industries for New York State, for the year 1918.

Table 3. Aggregate figures for banks and public utilities in New York State, classified, giving, for the following classes of corporations:

a. Amounts received in the form of dividends from other corporations subject to federal income tax, in the year 1918.

b. Amounts received as non-taxable interest on federal bonds in the year 1918.

Transportation and other public utilities:

Steam railroads.

Electric railways.

Express companies.

Electric light and power companies.

Gas companies.

Telephone and telegraph companies.

Water works.

All other public utilities.

Total, transportation and other public utilities.

Banking and related business:

National banks.

State banks.

Trust companies.

All other corporations engaged in banking and related business.

Total, banking and related business.

Department of Commerce, Bureau of the Census.

Census of Manufactures, 1909, 1914. Advance sheets of 1919 Census.

Census of Electrical Industries, 1907, 1912, 1917.

Financial Statistics of State, 1915, 1917.

Taxation and Revenue Systems of State and Local Governments, 1914.

2. New York State Government Departments:

Reports and records of the State Tax Commission.

Reports and records of the State Comptroller.

Figures in all published reports have been analyzed and additional information has been secured from the original records in the files of the Tax Commission and the Comptroller.

II. Additional Sources of Information, Public Service Corporations.

1. Reports and records of the United States Interstate Commerce Commission. In addition to its published reports, this Commission permitted the Committee to utilize its valuation figures for railroads in New York State, in so far as the work of valuation had been completed.

2. Reports and records of the Public Service Commission of the State of New York.

A detailed analysis of the returns to this Commission by public service corporations has been made. All public utilities in the State, the returns of which were complete for the ten-year period, 1911-1920, have been included in this study. The following is a classification of the corporations studied:

Steam railroads.

Electric railways.



Telephone and telegraph corporations.  
Gas and electric corporations:  
a. Electric light and power.  
b. Gas and electric (combined).  
c. Manufactured gas.  
d. Natural gas.

A list of public utilities, consisting of all those whose reports with the Public Service Commission were complete for the ten-year period, 1911-1920, was circularized in order that certain additional information might be obtained. The results secured are summarized in the table on this page.

- III. Additional Sources of Information, Financial Institutions.  
1. Reports and records of the Comptroller of the Currency.  
2. Reports and records of the Superintendent of Banks, State of New York.

For the purpose of obtaining certain material in addition to that obtained from the above sources, all National Banks, State Banks, Savings Banks, Trust Companies, and Investment Companies in the State were circularized. A statement showing the response to the questionnaires sent to the public utilities and financial institutions follows:

REPLIES TO QUESTIONNAIRES

Type of Corporation	Number of corporations to which questionnaires were sent	Corrected list excluding corporations no longer in operation	Replies to first letter July, 1921	Per cent replying after first letter	Total replies after second letter August, 1921	Per cent replying after second letter	Total replies after third letter September, 1921	Per cent replying after third letter
National banks . . .	495	490	235	47.9	363	74.1	458	93.4
State banks . . . . .	232	232	160	69.0	182	78.4	207	89.2
Trust companies . . .	100	100	60	60.0	79	79.0	97	97.0
Savings banks . . . .	144	143	123	86.0	138	96.5	143	100.0
Invest. companies . .	35	30	12	40.0	15	50.0	27	90.0
Total . . . . .	1,006	995	590	59.3	777	78.1	932	93.7
Financial Institutions								
Steam railroads . . .	50	48	13	27.1	29	60.4	39	81.2
Electric railroads . .	113	112	21	18.75	45	40.2	91	81.2
Telephone, telegraph and cable companies . . . . .	89	82	26	31.7	54	65.9	68	82.9
Gas and electric companies . . . . .	163	143	40	28.0	93	65.0	117	81.8
Total . . . . .	415	385	100	26.0	221	57.4	315	81.8
Public Utilities								
Totals . . . . .	1,421	1,380	690	50.0	998	72.3	1,247	90.3

With very few exceptions, the financial institutions and public service corporations called upon were prompt to co-operate with the Committee in its work.

### Summary of Annual Taxes Paid by Corporations

The following brief outline of the taxes paid by the different classes of corporations operating in New York State will serve as a background for the later discussion. No attempt is made to explain the various provisions of the tax law in detail.

### A—Taxes Paid by Business Corporations.

(The term "business corporations" covers mercantile and manufacturing corporations, excluding:

- Real estate corporations.
- Holding corporations.
- Transportation and transmission corporations.
- Elevated or surface railroads not operated by steam.
- Waterworks companies, gas companies, electric or steam heating, lighting and power companies.
- Insurance corporations.
- Banks, State and national.
- Savings banks.
- Trust companies.
- Investment companies.

See article 9-a, section 210, Tax Law).

- Franchise Tax (article 9-a, Tax Law),  $4\frac{1}{2}$  per cent. on net income. (Minimum tax to be not less than \$10 and not less than one mill upon each dollar of issued capital stock).

(Definition of net income: "total net income before any deductions have been made for taxes paid or to be paid to the Government of the United States on either profits or net income or for any losses sustained by the corporation in other fiscal or calendar years whether deducted by the Government of the United States or not." Section 208, article 9-a, Tax Law).

- General Property Tax (articles 1-5 inclusive, Tax Law).

(Business corporations are taxable on real property and certain fixed equipment; they are exempt from the payment of taxes on personal property. See article 9-a, sections 219-i, 219-j, Tax Law).

### B—Taxes Paid by Financial Institutions.

- State and National Banks.

- Bank Stock Tax (article 1, section 13, article 2, sections 23-24, Tax Law).

1 per cent. on value of shares (total value of shares equal to capital, surplus and undivided profits).

- General Property Tax (articles 1-5 inclusive, Tax Law).

(Institutions paying the bank stock tax are taxable only on real property; they are exempt from the payment of taxes on personal property. See article 2, section 24-c).

- Trust Companies.

- Franchise Tax (article 9, section 188, Tax Law).

1 per cent. on capital, surplus and undivided profits (based on average during preceding year).

- General Property Tax.

(On real property; trust companies are exempt from payment of taxes on personal property. See article 9, section 205, Tax Law).

- Investment Companies.

- Franchise Tax (article 9, section 188-a, Tax Law).

$1\frac{1}{2}$  mills for each dollar, face value, of capital.  
1 per cent. on surplus and undivided profits.

- General Property Tax.

(On real property; investment companies are exempt from payment of taxes on personal property. See article 9, section 205, Tax Law).

- Savings Banks.

- Franchise Tax (see article 9, section 189, Tax Law).

1 per cent. on par value of surplus and undivided earnings.

- General Property Tax.

(On real and personal property; deposits in savings banks exempt from taxation).



5. Insurance Corporations and Surety Companies.
    - a. Franchise Tax (article 9, section 187, Tax Law).
      - 1 per cent. on excess of gross amount of premiums charged, over deductions allowed by law, on business done within this State during previous calendar year.
    - b. General Property Tax (on real and personal property).
- C—Taxes Paid by Public Service Corporations.
1. Steam Railroads.
    - a. General Franchise Tax (article 9, section 182, Tax Law).
 

(Franchise tax is based upon the capital stock of the corporation. Tax rate variable, depending upon dividend rate, relation of assets to liabilities, and average price of stock sold).
    - b. Additional Franchise Tax (article 9, section 184, Tax Law).
 

One-half of 1 per cent. on gross intra-State earnings (not including earnings derived from business of an interstate character).
    - c. Special Franchise Tax (article 2, sections 44-49, Tax Law).
 

(Tax Commission annually determines valuation of special franchises subject to assessment in each city, town or village. Final equalized valuation is the assessed valuation on which all taxes based upon special franchise are levied by local authorities. Tangible property situated upon streets, highways, public places or public waters in connection with the special franchise is taxed with such franchise).
    - d. General Property Tax.
 

(Real and personal property, excluding that which is assessed with special franchises, is taxed under this head).
  2. Telephone and Telegraph Companies.
 

(Taxed upon same basis as steam railroads).
  3. Elevated or Surface Railroads not operated by steam.
    - a. Franchise Tax (article 9, section 185).
      - 1 per cent. on gross earnings from all sources within the State.
      - 3 per cent. upon amount of dividends declared or paid in excess of 4 per cent. upon actual amount of paid-up capital.
    - b. Special Franchise Tax (article 2, sections 44-49, Tax Law).
 

(Same as steam railroads).
    - c. General Property Tax (same as steam railroads).
  4. Other Transportation Companies (taxed upon same basis as steam railroads).
  5. Waterworks Companies, Gas Companies, Electric or Steam Heating, Lighting and Power Companies.
    - a. Franchise Tax (article 9, section 186).
      - One-half of 1 per cent. on gross earnings from all sources within the State.
      - 3 per cent. upon amount of dividends declared or paid in excess of 4 per cent. upon actual amount of paid-up capital.
    - b. Special Franchise Tax (article 2, sections 44-49, Tax Law).
 

(Same as for steam railroads).
    - c. General Property Tax (Same as steam railroads).
- D—Taxes paid by corporations not included in the above classes.
1. Realty Companies.
    - a. General Franchise Tax (article 9, section 182, Tax Law).
 

(Franchise tax based upon the capital stock of the corporation).
    - b. General Property Tax (on real and personal property).
  2. Holding Companies.
    - a. General Franchise Tax (article 9, section 182, Tax Law).
    - b. General Property Tax (on real and personal property).

## General Considerations

The summary of the existing corporation tax laws of New York State, presented above,\* indicates the diverse bases on which corporations are taxed. The chief object of the present investigation has been to reduce the taxes actually paid by corporations to a common basis in order that a comparison of the relative burden might be facilitated.

In attempting to measure the relative burden of taxes a double problem is involved. In the first place, it is important to know how a system of taxation affects the different corporations within a given group, as, for instance, to determine whether a given tax falls most heavily upon small or large institutions. It is also important to determine the relative weight of the tax burden on different classes of corporations, such as business corporations, public utilities and financial institutions. The pages immediately following are devoted to a consideration of this double problem.

Net income has been adopted as the standard best adapted to the measurement of tax burden.† For each class of corporation an attempt is made to express the amount paid in taxes as a percentage of net income, though the original levy may have been upon an entirely different base. Inasmuch as business corporations in New York State are now taxed upon net income, the problem has been that of reducing to the same base the taxes paid by other classes of corporations.

At the outset it is necessary clearly to define the term "net income," and to indicate certain divergent uses of the term. Net income, as defined in Article 9-a of the New York State tax law, dealing with the taxation of business corporations, "means the total net income (as reported to the Commissioner of Internal Revenue of the United States) before any deductions have been made for taxes paid or to be paid to the government of the United States on either profits or net income or for any losses sustained by the corporation in other fiscal or calendar years, whether deducted by the government of the United States or not" (Art. 9-a, § 208.

\* *Supra*, p. 9 *et seq.*

† *Cf.* The discussion of the relation between taxes, net income and gross income. *Infra*, pp. 95-97.

Tax Law). The basis for the determination of net income for state purposes is thus, fundamentally, net income as defined in the federal revenue act. Certain items exempt from taxation under the federal law are taxable under the New York law. These are:

- (1) Dividends from other corporations subject to the federal income tax and
- (2) Non-taxable interest on federal bonds.

With the exception of the net loss provision noted above and the inclusion of these two items, taxable net income in New York State corresponds almost exactly to income taxable under the federal law.\*

This definition of net income has been adopted in the tables relating to financial institutions. All the financial institutions in the state (excluding insurance corporations) were requested to furnish the Committee with information as to the amount returned as net income to the Commissioner of Internal Revenue, the amount received as dividends from other corporations subject to the federal income tax, the amount received in non-taxable interest on federal bonds, and the amount deducted for losses sustained in other years.

By adding these four items a figure almost exactly equivalent to the net income on which business corporations are taxed in New York State could be obtained. The returns received from the financial institutions were satisfactory except in regard to the last item — deductions for losses sustained in other years. As some institutions returned answers to this question which were obviously incorrect, none of these returns was used. Fortunately this item was so small as to be negligible in the case of financial institutions. The results, therefore, are not sensibly affected by the failure to take account of it.

A direct and accurate comparison of the tax burden upon the financial institutions and business corporations is thus possible.

\* For the details of the federal definition, see Regulations 45, relating to the Income and War Profits and Excess Profits Tax under the Revenue Act of 1918. Strictly speaking, the statement as given above is subject to this additional qualification: That claims in abatement under Section 234 (a-14) of the Federal Revenue Act of 1918 may not be deducted in arriving at net income for purposes of the state tax until a final determination of the amount is made. The section cited permits a deduction in the federal assessment based upon a loss due to a material reduction in the value of an inventory at the end of 1918. The State does not forbid the deduction of such losses, when finally determined, but does prohibit their deduction on the tentative basis permitted by the federal government.

The difficulties are greater with regard to public utilities. In determining the burden of taxes upon this class it was essential to secure a base period covering eight or ten years in time, since the condition of the public service corporations during the last several years has been somewhat abnormal. The reports submitted annually to the Public Service Commission of the State of New York have provided excellent material for a study of the relation of taxes to income. The sole difficulty has arisen from the fact that net income, as defined in the regulations of the Public Service Commission, does not correspond to net income as reported to the tax authorities.

A full discussion of the detailed differences is impossible in the present report. In brief, net corporate income, as given in the reports of the Public Service Commission, is equal to total revenues, operating and non-operating, less expenses, taxes, uncollectible bills, sinking fund accruals and certain other contractual deductions, such as rent and interest.\* While net income as here defined does not depart widely from the federal definition, there does not seem to be a direct and consistent relationship between the two items. The cause, no doubt, lies in the lack of thoroughly standardized accounting practices.

One change is made in this item in using it in the present report. In working out the tax ratios for public utilities, the total sum paid in taxes has been added to net income to correct for the previous deduction of this item. Thus the basis of all the public utility tax ratios is net income before taxes have been deducted.

In comparing these ratios with the ratios for business corporations and financial institutions, this difference in the meaning of net income must be borne in mind. While general comparisons are not invalidated by this difference, attempts to make refined comparisons would be out of order. As between public utilities, of course, this objection does not hold, for the base is the same for all classes of public utilities.

Certain other terms used in the ratios for public utilities should be explained. Net worth as here used is the sum of the follow-

\* For a more complete definition, see *Uniform System of Accounts for Electrical Corporations*, New York State Public Service Commission, 1908, p. 31, sec. 10.

ing items: "capital stock" and "surplus" (or "deficit"); "reserves" and "undivided profits." This is, of course, merely a bookkeeping figure for net worth, and in some cases includes items which could be questioned as representing elements of present value. The item "gross earnings," as given in this report, is the sum of operating revenue and non-operating revenue, as reported to the State Public Service Commission.

### The Burden of Taxes on Business Corporations

Inasmuch as the tax on business corporations is now on an income basis, this class has been used as the standard to which the other groups have been compared. The exact status of the corporations falling within this class should be made clear, however, before the taxes paid by other corporations are discussed. The basic tax now paid by business corporations\* is a 4½ per cent tax on net income as defined above. This is in lieu of all other franchise and personal property taxes. These corporations are taxed in addition, of course, upon all real property held, certain forms of fixed equipment being included in the definition of real property.

The amounts paid by corporations taxed under Article 9-a of the tax law are shown below for the last four years (fiscal years ending June 30th). The figures for 1918 and 1919, it should be noted, represent taxes collected when the franchise tax was 3 per cent of net earnings, while the 1920 and 1921 figures represent 4½ per cent of net earnings.

TABLE 1

#### RECEIPTS FROM TAX ON BUSINESS CORPORATIONS

Year	Receipts†
1918 .....	\$13,676,676
1919 .....	19,785,618
1920 .....	29,789,350
1921 .....	42,389,822

In addition to the basic tax of 4½ per cent on net income, business corporations are subject to taxes on real property as

\* The exact meaning of this term is made clear above in the summary of existing corporation tax laws. *Cf. supra*, p. 9.

† The 1919 figures include some taxes levied in 1918, but not collected till 1919.

noted above. For reasons which are discussed in more detail below,\* these property taxes are not, in general, as burdensome as are other direct taxes. The amount of such taxes paid by business corporations may be noted in passing, however. While specific figures are not obtainable, this amount may be approximated by multiplying the total assessed values of property held by business corporations by the average tax rate. In 1920 the amount paid in property taxes by mercantile and manufacturing corporations was approximately 30 millions of dollars or 4½ per cent of their total net income. Thus total taxes paid in New York State by business corporations under existing laws would be about 9 per cent of their net income. This percentage would be slightly lower (about 8.65) if the base taken were net income before any taxes were deducted.† Later reference will be made to these figures in comparing the burden upon these companies with the burden of taxes on other corporate groups.‡

### The Burden of Taxes on Financial Institutions

The classes of financial institutions studied in the present section are national and state banks, trust companies, investment companies and savings banks. The taxes paid by these institutions have been summarized above.§

In brief, national and state banks pay annually, on behalf of their stockholders, a tax of one per cent on the value of their shares of stock. As the value of the shares is based upon the capital, surplus, and undivided profits of the individual banks, the tax amounts to one per cent of capital, surplus, and undivided profits. Trust companies pay a franchise tax of exactly the same percentage of their capital, surplus, and undivided profits. Investment companies pay a franchise tax calculated upon a double basis; it is equal to one per cent of surplus and undivided profits, plus one and one-half mills on each dollar of capital stock. Savings banks pay a franchise tax equal to one per cent of the par value of surplus and undivided earnings. In addition, all these institutions are subject to a tax on their real property.

\* *Cf. infra*, pp. 25, 26.

† Attention should be called to the fact that the base used in these calculations is that part of the total net income of business corporations which has been allocated to New York.

‡ *Infra*, pp. 28, 90-93.

§ *Supra*, p. 9.

The amounts collected from financial institutions in the form of bank stock or franchise taxes are given in the following table, covering the period 1917-1920. The figures for national and state banks have been estimated by dividing the total receipts from the bank-stock tax between these two classes, the basis being the aggregate capital, surplus, and undivided profits of the two groups. The fact has been noted elsewhere that these figures, which are actual receipts by fiscal years ending June 30th, show a lag of one year when compared with the direct returns from the banks, which have been used in compiling the other tables in this section.

TABLE 2  
RECEIPTS FROM BANK STOCK OR FRANCHISE TAXES ON  
FINANCIAL INSTITUTIONS\*

CLASS OF CORPORATION	AMOUNTS PAID IN BANK STOCK OR FRANCHISE TAXES				
	1917	1918	1919	1920	1921
National banks.....	\$4,390,105	\$4,602,252	\$5,010,510	\$5,792,208	.....
State banks.....	932,032	981,762	1,068,152	1,239,268	.....
Trust companies.....	2,539,718	2,778,674	2,911,474	3,196,586	.....
Savings banks.....	1,394,647	1,455,434	1,337,961	1,439,896	.....
Total.....	\$9,253,502	\$9,818,122	\$10,328,097	\$11,667,958	\$3,377,292 881,950

What do these taxes amount to in terms of net income? This question must be answered, first, for the different corporations falling within a given class, and, secondly, for the class as a whole, in order that comparison with business corporations may be made.

The first question relating to the burden of taxes upon the members of a given class is answered specifically in the five tables immediately following. Table 3 shows the percentage of net income paid in the bank stock tax by 398 national banks in New York State, classified according to size. Net income, as here used, has been defined above. Both the income and tax figures are averages for the three years 1918, 1919, and 1920. The remaining tables present similar figures for the other classes of financial institutions.

\* Investment companies have not been included in this table. The receipts from this class are not large.

TABLE 3  
PERCENTAGE OF NET INCOME PAID IN BANK STOCK TAX BY  
NATIONAL BANKS IN NEW YORK STATE

*Frequency Table Showing the Relative Burden of the Bank Stock Tax on National Banks, by Classes*

(Based upon the average tax and the average State net taxable income for the three years 1918, 1919 and 1920)

CLASS *	Number in each class	NUMBER PAYING																Over 40 per cent
		0 to 1.9%	2% to 3.9	4% to 5.9	6% to 7.9	8% to 9.9	10% to 11.9	12% to 13.9	14% to 15.9	16% to 17.9	18% to 19.9	20% to 21.9	22% to 23.9	24% to 25.9	26% to 27.9	30% to 31.9		
A.....	11	....	1	3	5	1	....	1	....	....	....	....	....	....	....	....	....	
B.....	23	....	2	8	7	4	4	1	....	....	....	1	....	1	....	....	....	
C.....	204	1	2	8	33	35	45	31	20	7	3	5	3	3	3	....	5	
D.....	155	....	1	20	37	33	26	11	11	6	3	2	1	....	2	2	....	
Total.....	398	1	6	31	83	76	75	47	32	13	6	8	4	4	5	2	5	

\* Class A is composed of companies with capital, surplus, and undivided profits of \$10,000,000 and over; Class B, of \$1,000,000 to \$10,000,000; Class C, \$100,000 to \$1,000,000; and Class D, less than \$100,000.

(Three national banks reported an average deficit for this period)

TABLE 4  
PERCENTAGE OF NET INCOME PAID IN BANK STOCK TAX BY  
STATE BANKS IN NEW YORK STATE

*Frequency Table Showing the Relative Burden of the Bank Stock Tax on State Banks, by Classes*

(Based upon the average tax and the average State net taxable income for the three years 1918, 1919 and 1920)

CLASS *	Number in each class	NUMBER PAYING													Over 40 per cent
		0 to 1.9%	2% to 3.9	4% to 5.9	6% to 7.9	8% to 9.9	10% to 11.9	12% to 13.9	14% to 15.9	18% to 19.9	20% to 21.9	22% to 23.9	34% to 35.9		
A.....	1	.....	..	..	1	.....	.....	.....	.....	.....	.....	.....	.....		
B.....	21	.....	..	3	9	3	3	2	1	.....	.....	.....	.....		
C.....	77	2	1	14	13	17	7	9	8	1	2	1	1		
D.....	57	.....	1	6	17	16	8	4	3	1	1	.....	.....		
Total.....	156	2	2	23	40	36	18	15	12	2	3	1	1		

\* Class A is composed of companies with capital, surplus, and undivided profits of \$10,000,000 and over; Class B, of \$1,000,000 to \$10,000,000; Class C, \$100,000 to \$1,000,000; and Class D, less than \$100,000.

(Two State banks reported an average deficit for this period)



TABLE 5

PERCENTAGE OF NET INCOME PAID IN FRANCHISE TAX BY  
TRUST COMPANIES IN NEW YORK STATE

*Frequency Table Showing the Relative Burden of the Franchise Tax on  
Trust Companies, by Classes*

(Based upon the average tax and the average State net taxable income for  
the three years 1918, 1919 and 1920)

CLASS •	Number in each class	NUMBER PAYING																Over 40 per cent
		0 to 1.9%	2% to 3.9	4% to 5.9	6% to 7.9	8% to 9.9	10% to 11.9	12% to 13.9	14% to 15.9	16% to 17.9	18% to 19.9	20% to 21.9	25% to 27.9	30% to 31.9	35% to 37.9			
A.....	8	....	1	..	4	2	1	..	..	..	..	..	..	..	..	..		
B.....	25	2	1	1	4	4	8	3	..	1	..	..	..	..	..	..		
C.....	48	1	3	6	10	5	7	5	2	1	3	2	1	1	1	..		
Total.....	81	3	5	7	18	11	16	8	2	2	3	2	1	1	1	1		

\* Class A is composed of companies with capital, surplus and undivided profits  
of \$10,000,000 and over; Class B, of \$1,000,000 to \$10,000,000; Class C,  
\$100,000 to \$1,000,000.

(One trust company reported an average deficit for this period)

TABLE 6

PERCENTAGE OF NET INCOME PAID IN FRANCHISE TAX BY  
INVESTMENT COMPANIES IN NEW YORK STATE

*Frequency Table Showing the Relative Burden of the Franchise Tax on  
Investment Companies, by Classes*

(Based upon the average tax and the average State net taxable income for  
the three years 1918, 1919 and 1920)

CLASS *	Number in class	NUMBER PAYING				
		0 to 1.9%	2% to 3.9	4% to 5.9	6% to 7.9	8% to 9.9
B.....	3	1	1	1	..	..
C.....	12	1	7	2	1	1
Total.....	15	2	8	3	1	1

\* Class B is composed of companies with capital, surplus, and undivided profits  
of \$1,000,000 to \$10,000,000; Class C, \$100,000 to \$1,000,000.

TABLE 7

PERCENTAGE OF NET EARNINGS PAID IN FRANCHISE TAX BY  
SAVINGS BANKS IN NEW YORK STATE

*Frequency Table Showing the Relative Burden of the Franchise Tax on  
Savings Banks, by Classes*

(Based upon the average tax and the average net earnings over expenses  
and dividends for the three years 1918, 1919 and 1920)

CLASS *	Number in class	NUMBER PAYING															
		0 to 1.9%	2% to 3.9	4% to 5.9	6% to 7.9	8% to 9.9	10% to 11.9	12% to 13.9	14% to 15.9	18% to 19.9	20% to 21.9	26% to 27.9					
B.....	30	1	..	8	8	6	3	1	1	..	..	1	..	..	..	1	
C.....	73	3	6	21	21	10	5	5	..	1	1	..	..	..	..	..	
D.....	32	3	7	10	7	3	2	..	..	..	..	..	..	..	..	..	
Total *.....	135	7	14	39	36	19	10	6	1	1	1	1	..	..	..	1	

\* Class B is composed of companies with surplus and undivided profits of  
\$1,000,000 to \$10,000,000; Class C, \$100,000 to \$1,000,000; and Class D, less  
than \$100,000.

The outstanding fact is that the tax, as at present levied, falls upon members of the same group with very unequal weight, when expressed in terms of tax-paying ability, as represented by net income. In the national bank group one institution paid less than two per cent of its income in the bank stock tax, while five paid over forty per cent. Between these two limits there is a wide dispersion. Twenty-eight banks pay more than twenty per cent of their net income in meeting this tax. Two hundred and one of the total of 398 banks pay ten per cent or more.

The extent to which this inequality is connected with inequalities of size is also indicated by the table. There is no uniformity of burden, even within a given class, but in general the large banks pay a smaller percentage of their net income in taxes than do the banks of medium or small size. Thus ten of the eleven banks in Class A (having capital, surplus, and undivided profits of \$10,000,000 or over) pay less than ten per cent of their net income in meeting the bank stock tax. Of the 204 banks in Class C (having capital, surplus, and undivided profits of \$100,000 to \$1,000,000) only 79 pay less than ten per cent.

The average burden in each class is indicated in the following table, a summary of the five detailed tables:

TABLE 8

AVERAGE RATIO OF BANK-STOCK TAX OR FRANCHISE TAX TO  
NET INCOME, FINANCIAL INSTITUTIONS IN NEW YORK  
STATE BY CLASSES.

(The average employed in each case is the *median*; thus one-half of the total number of corporations included in each of the given groups paid more than the given percentage of their net income in meeting the tax, while one-half paid less.)

CLASS OF CORPORATION *	Number reporting	Average ratio of bank stock or franchise tax to net income (median)
National Banks—		
Class A (Over \$10,000,000) .....	11	6.60
B (\$1,000,000 to \$10,000,000) .....	28	9.14
C (\$100,000 to \$1,000,000) .....	204	11.02
D (Less than \$100,000) .....	155	9.18
Total .....	398	10.03
State Banks—		
Class A .....	1	7
B .....	21	7.67
C .....	77	9.00
D .....	57	8.56
Total .....	156	8.61
Trust Companies—		
Class A .....	8	7.5
B .....	25	10.12
C .....	48	9.6
Total .....	81	9.36
Investment Companies—		
Class B .....	3	3
C .....	12	3.43
Total .....	15	3.37
Savings Banks—		
Class B .....	30	7.25
C .....	73	6.62
D .....	32	5.20
Total .....	135	6.42

The average given above as most representative of the typical condition in each class is the median, the value of the middle item in an array. Thus for national banks in Class A the median is 6.6 per cent. That is, the number of banks paying more than 6.6 per cent of their net income in meeting the bank stock tax

\* Class A is composed of corporations with capital, surplus, and undivided profits (in the case of savings banks with surplus and undivided profits) of \$10,000,000 and over; Class B, of \$1,000,000 to \$10,000,000; Class C, of \$100,000 to \$1,000,000; and Class D, less than \$100,000.

is exactly equal to the number paying less than that amount. In Class B the median is 9.14 per cent, while in Class C it is 11.02 per cent. Thus of the 204 national banks in Class C, 102 pay more than 11.02 per cent of their net income in meeting this tax, while 102 pay less than that amount. The difference between the situation in this class and that in Class A is obvious. The median value in Class D is 9.18 per cent, a smaller value than that in Class C. The median of the entire group of national banks, 398 in all, is 10.03 per cent. One hundred and ninety-nine banks pay less than this amount, and 199 banks pay more.

This inequality as between corporations in a given class is found in the case of each of the other types of financial institutions. State banks show a distribution much the same as that found for national banks, though the difference between classes is not so pronounced. The same is true of trust companies. In the case of investment companies, a group in which the general tax burden is less than it is for other financial institutions, the inequalities within the group are less pronounced. Of the fifteen institutions for which complete records were obtained, none paid more than 10 per cent of their net income in meeting these franchise taxes. The median for the group as a whole was 3.37 per cent.

In studying the burden of taxes on savings banks, the basis has been net earnings over expenses and dividends. This figure corresponds to net income as used by other financial institutions. That the franchise tax on savings banks, when expressed as a percentage of net earnings, falls with unequal weight upon these institutions, as in the cases of other classes of institutions, is demonstrated by the table and graph covering this group.\*

These wide discrepancies in tax burden which occur among corporations of the same class are due to the fact that there is no consistent relationship between capital and surplus on the one hand and earning power on the other. In general, of course, an

\* When account is taken of three national banks, two State banks and one trust company which reported deficits for the period covered, and two savings banks paying no tax because of credit granted for bonds held, the medians become:

	Per cent
National banks .....	10.11
State banks .....	8.67
Trust companies .....	9.45
Investment companies .....	3.37
Savings banks .....	6.36

increase in capital and surplus means increased earnings, but that the relationship is not direct is demonstrated by the figures presented above. A tax which must be paid out of net earnings is levied upon another base, with the result that wide variations occur in the burden of taxes, expressed in terms of net income.

One other aspect of the present system is worthy of note. As between two institutions, one paying out earnings as soon as realized, another building up a surplus by putting earnings back into the enterprise, the present method of levying taxes on financial institutions places the heaviest burden upon the latter. In a sense, thus, these taxes are taxes which discriminate against the conservative concern which builds up a surplus. They can be partly evaded by distributing dividends closely.

**Comparison of financial institutions and business corporations.**—How do taxes on financial institutions, when expressed in terms of net income, compare with the existing  $4\frac{1}{2}$  per cent tax on the net income of business corporations? It has been demonstrated that there is inequality as between financial institutions. There remains to be discussed the question as to the relation of the average burden on financial institutions to the average burden on business corporations.

The matter is complicated by the wide variation in burden within the financial groups. In classes characterized by such extreme variation, what figure is to be taken as representative of the average burden of present taxes? One average, the median, has been used above, and the comparison on this basis may be extended for the present purpose. Another average, however, representing more accurately the fiscal aspects of the problem, should be used to supplement the median. The latter gives the same weight to both large and small banks, but in computing the yield of a given tax more weight must be given to the larger institutions. Since we are desirous of knowing what tax on net income would yield as much as the present bank stock and franchise taxes, a ratio giving this information is required.

For this purpose the percentage of net income paid in taxes by each of the classes of financial institutions has been determined by computing the ratio of total taxes paid over a given period to

the total net income of all the corporations in each class for the same period. Thus, in the case of national banks in New York State, the total amount paid in bank-stock taxes by 397 banks, during the years 1918, 1919 and 1920, and the total net income of these banks during this period have been determined. The ratio of the former figure to the latter is .068. The amount paid in taxes is thus 6.8 per cent of net income during this period. The percentages as determined for the different classes of financial institutions are shown in the following table. The comparison made, it should be understood, does not include real or personal property taxes paid by any of the groups involved.

TABLE 9  
PERCENTAGE OF NET INCOME PAID IN BANK STOCK OR  
FRANCHISE TAX BY FINANCIAL INSTITUTIONS  
(Ratios based on aggregates of three-year figures, 1918-1920)

	Ratio of bank-stock tax (or franchise tax) to net income after property taxes deducted Percentage
National banks .....	6.80
State banks .....	6.58
Trust companies .....	7.33
Investment companies .....	3.13
Savings banks .....	5.80

It is evident that with one exception financial institutions pay a somewhat larger percentage of their net income in meeting their bank stock or franchise taxes than do business corporations in paying the tax on net earnings. In comparison with the  $4\frac{1}{2}$  per cent paid by business corporations the three-year average for national banks shows that 6.8 per cent of their net income has been paid in taxes, as has been stated above. The corresponding figure for state banks is 6.58 per cent, for trust companies 7.33 per cent, and for savings banks 5.8 per cent.\* Investment companies constitute the one class paying less than business corpora-

\* These ratios for trust companies and savings banks are based upon taxes actually paid, not including the amount of the levy for which credit was granted for State bonds held. If the tax levied be used, instead of the tax paid, the ratios become 7.5 per cent for trust companies and 6.74 per cent for savings banks.

tions, on the average. The fifteen companies included showed an average of 3.13 per cent of net income paid in taxes.\*

A comparison may also be made of the number of corporations of each type paying a percentage of net income in taxes equal to or less than that paid by business corporations. This information is given in the following summary:

TABLE 10

FINANCIAL INSTITUTIONS, BY CLASSES, PAYING  $4\frac{1}{2}$  PER CENT OF NET INCOME OR LESS IN BANK-STOCK TAX OR FRANCHISE TAX

CLASS	Total number reporting	Number paying $4\frac{1}{2}$ per cent or less in bank-stock tax or franchise tax
National banks.....	398	17
State banks.....	156	7
Trust companies.....	81	11
Investment companies.....	15	11
Savings banks.....	135	30

It is apparent that a large majority in all classes except the investment companies group pay more than  $4\frac{1}{2}$  per cent of their net income in meeting the taxes named. These figures substantiate the evidence of the other tables and throw some additional light upon the situation within the general class of financial institutions.

In studying the percentage of net income paid in taxes, it is of some interest to determine the year-to-year changes. The following table shows, for all the classes here considered, the ratio of taxes to net income for the years 1918, 1919 and 1920. The percentages given were calculated on the basis of yearly aggregates, the general method being that indicated above. Net income means in each case net income before bank stock or franchise taxes have been deducted.

\* This ratio is not changed by the credit granted for State bonds held, the amount of the latter being negligible.

TABLE 11

PERCENTAGE OF NET INCOME PAID IN BANK-STOCK TAX OR FRANCHISE TAX BY FINANCIAL INSTITUTIONS IN NEW YORK STATE, CLASSIFIED, BY YEARS, 1918-1919

CLASS OF INSTITUTION	PERCENTAGE OF NET INCOME PAID IN BANK-STOCK TAX OR FRANCHISE TAX		
	1918	1919	1920
National banks.....	7.0	6.3	6.7
State banks.....	8.2	5.9	6.2
Trust companies.....	8.4	7.6	6.5
Investment companies.....	5.0	3.0	2.7
Savings banks.....	8.1	7.0	3.3

It is apparent that a tax on capital and surplus means a tax which varies from year to year, when expressed in terms of net income. When income is increasing faster than the surplus is being built up, this means a decreasing annual tax. This condition prevailed during the three years here considered.

This is particularly true in the case of savings banks and investment companies. The tax on the former, which amounted to 8.1 per cent of net earnings in 1918, fell to 3.3 per cent of net earnings in 1920. The fact that the present tax is based upon a variable surplus, having no immediate relation to earnings, is clear in this case. For the savings banks here included (135 in number) surplus and undivided profits decreased from \$144,780,305 in 1918 to \$98,080,640 in 1920, while net earnings increased from \$14,274,279 in 1918 to \$23,275,379 in 1920.\*

In the above treatment the comparison of tax burden, as between financial institutions and business corporations, has been confined to the discussion of taxes other than property taxes. This has been done on the assumption that the burden of non-property taxes is much more direct and immediate than that of taxes on real property. A long-standing tax on real property has in general been capitalized in determining the value of the property, so that the present payer does not feel the burden directly. It is

\* These figures are for net earnings after taxes had been deducted. The ratios are based upon net earnings before taxes were deducted.



considered, therefore, that a comparison of the burden of non-property taxes has more significance for our present purposes than a comparison of the burden of all taxes.

Having stressed the main relations involved in the first comparison, however, it is of some interest to compare the burden of property taxes, as borne by the different corporate groups. In computing the ratios given in the table following, the returns from individual financial institutions have been utilized. The ratios are based upon the amount paid in property taxes and the net income for the year 1920. The net income used as a base is the net income before any taxes, franchise or property have been deducted. In determining the ratio for business corporations, total net income has been calculated by capitalizing the amount paid in income taxes. The amount of property taxes paid by business corporations is a fairly close approximation obtained by multiplying the total assessed value of such property by the average tax rate for the State.

TABLE 12

PERCENTAGE OF NET INCOME PAID IN GENERAL PROPERTY TAXES BY BUSINESS AND FINANCIAL CORPORATIONS, 1920

Class of corporations	Percentage of net income paid in general property tax (real and personal)
Business Corporations (Mercantile and Manufacturing) .....	4.5
National Banks .....	1.5
State Banks .....	3.5
Trust Companies .....	4.1
Investment Companies .....	0.7
Savings Banks .....	3.6

It is apparent that there is a considerable variation in the percentage of net income paid in property taxes. As compared with the  $4\frac{1}{2}$  per cent paid by business corporations, trust companies pay 4.1 per cent and State banks 3.5 per cent. The amount paid by national banks was only 1.5 per cent of their net income, in 1920, while investment companies paid but sevenths of one per cent. These figures are in all cases somewhat

smaller than the percentage paid in earlier years, the decrease being due to the increase in the incomes of financial institutions in 1919 and 1920. The figures for the earlier years are given below for financial institutions, with the exception of Savings Banks.

TABLE 13

PERCENTAGE OF NET INCOME PAID IN PROPERTY TAXES BY FINANCIAL INSTITUTIONS IN NEW YORK STATE, BY YEARS, 1918-1920

CLASS OF CORPORATION	PERCENTAGE OF NET INCOME PAID IN PROPERTY TAXES		
	1918	1919	1920
National banks .....	1.7	1.5	1.5
State banks .....	5.4	3.6	3.5
Trust companies .....	5.0	4.8	4.1
Investment companies .....	1.6	1.9	.7
Savings banks .....	.....	.....	3.6

A summary of the total amounts paid in taxes by business corporations and financial institutions may now be given. The following table shows the percentage of net income paid in all taxes (bank-stock (or franchise) and property) by business corporations and financial institutions. For financial institutions, with the exception of savings banks, figures for three years are given.

In the case of business corporations 1920 figures alone are used, the property taxes paid in that year being added to  $4\frac{1}{2}$  per cent of their total net income in securing the total tax figures. Net income in each case is a figure from which no taxes have been deducted.\*

\* There is thus a slight difference between the present base and the one used for the earlier ratios. Property taxes had been deducted as an element in expense in arriving at net income as used in the earlier tables, but in the present case no such deduction has been made.

TABLE 15  
PERCENTAGES OF NET INCOME PAID IN FRANCHISE (OR BANK-  
STOCK) AND PROPERTY TAXES BY BUSINESS CORPORATIONS  
AND FINANCIAL INSTITUTIONS IN NEW YORK STATE,  
1918-1920.

CLASS OF CORPORATION	PERCENTAGE OF NET INCOME PAID IN TAXES		
	1918	1919	1920
Business corporations .....	8.7	7.7	8.65
National banks.....	13.3	9.4	8.1
State banks.....	12.9	12.0	9.6
Trust companies.....	6.4	4.8	10.3
Investment companies.....			3.3
Savings banks.....			6.8

The table shows somewhat the same distribution of burden as was found in the case of non-property taxes, trust companies and investment companies standing at the two extremes. The difference between the burden on business corporations and financial institutions is less pronounced, however, the property taxes being relatively larger for the former class.

The warning which was given above that taxes on real property, apart from improvements, are not necessarily borne by the present tax-payer, must be remembered in studying these tables. Real burden is better indicated by the first tables, dealing with non-property taxes, than by those in which account is taken of all taxes paid.

The detailed figures on which the above ratios are based are included in the appendices.

#### The Burden of Taxes on Public Utilities

The taxes paid by public service corporations in New York State have been described in an earlier section of the present report.\* The following is a brief summary of that section:

All public service corporations are taxed on their real and personal property and on the value of their special franchises. This latter tax is based in part on the value of tangible property in

\* Cf. *supra*, p. 10.

the streets, and in part upon the value of certain intangible elements. The value of these intangible elements is determined with reference to corporate earning power. The taxes described above are paid to the localities in the form of a general property tax. In addition to these local charges all public utilities are taxed by the State on their gross earnings (or on gross earnings and excess dividends), and certain classes are taxed on their capital stock. The rate of the gross earnings tax varies, being one-half of one per cent for steam railroads, telephone and telegraph companies, and gas, electric and water companies, and one per cent for elevated or surface electric railroads. Underground electric railroads are taxed upon the same basis as steam railroads. The general franchise tax on capital stock is paid by steam railroads, underground electric railroads and telephone and telegraph companies.

The amounts paid in taxes by the different classes of public service corporations during the period 1917-1920 are shown in the following table. The totals for all public utilities show the yields of the various taxes. In certain cases the exact amount paid by a given class of public service corporation in meeting a given tax could not be ascertained from the Tax Commission records, and in these cases the figures presented are estimates. These have been checked and tested, and are believed to approximate closely the actual tax paid.

TABLE 16

## TAX RECEIPTS FROM PUBLIC SERVICE CORPORATIONS

	1917	1918	1919	1920
Public utilities:				
Steam railroads:				
Real.....	\$10,660,201	\$11,655,878	\$10,004,161	\$13,454,562
Personal.....	83,177	71,637	79,446	66,282
Special franchise:				
Tangible.....	\$1,323,382	\$1,500,131	\$1,581,095	
Intangible.....	545,344	533,272	707,435	
Total.....	1,605,591	1,868,726	2,053,403	2,288,530
Gross earnings.....	419,313	446,644	473,454	468,383
Capital stock.....	765,622	582,196	545,808	540,393
Total.....	\$13,533,904	\$14,625,081	\$13,156,252	\$16,318,605
Electric railways (including subways):				
Real.....	\$2,964,327	\$3,413,778	\$3,755,017	\$3,507,106
Personal.....	127,964	7,114	6,446	45,736
Special franchise:				
Tangible.....	\$2,310,470	\$2,774,824	\$2,800,768	
Intangible.....	2,445,935	1,881,492	1,676,447	
Total.....	4,692,886	4,756,405	4,606,316	4,477,215
Excess dividends.....	329,477	284,888	73,380	82,102
Gross earnings.....	844,239	956,472	1,031,631	1,262,321
Capital stock.....	175,125	153,125	52,500	62,500
Total.....	\$9,133,918	\$9,571,782	\$9,525,299	\$9,382,900
*Total for transportation companies:				
Real.....	\$13,624,728	\$15,069,656	\$13,759,178	\$16,991,668
Personal.....	210,841	78,751	85,892	112,018
Special franchise:				
Tangible.....	\$3,633,852	\$4,274,955	\$4,381,863	
Intangible.....	2,901,279	2,384,764	2,383,882	
Total.....	6,298,477	6,625,131	6,659,719	6,765,745
Gross earnings.....	1,382,192	1,517,364	1,589,731	1,777,343
Excess dividends.....	329,477	284,888	73,380	82,102
Capital stock.....	1,069,533	897,295	779,587	642,110
Total.....	\$22,895,248	\$24,473,085	\$22,947,476	\$26,320,986

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Water companies:				
Real.....	\$242,697	\$202,695	\$356,785	\$305,561
Personal.....	6,253	6,084	5,587	7,145
Special franchise:				
Tangible.....	\$119,715	\$157,120	\$162,602	
Intangible.....	126,734	103,706	97,329	
Total.....	238,772	246,449	260,828	259,931
Gross earnings.....	33,000	39,233	30,416	30,950
Excess dividends.....	5,000	6,230	4,972	5,782
Total.....	\$525,722	\$500,691	\$658,586	\$609,369
Gas and electric companies:				
Real.....	\$4,302,506	\$4,447,340	\$5,416,585	\$6,122,603
Personal.....	171,107	128,548	146,410	81,290
Special franchise:				
Tangible.....	\$2,619,876	\$3,095,506	\$3,306,697	
Intangible.....	2,773,480	2,043,155	1,976,278	
Total.....	4,355,336	5,393,356	5,138,661	5,285,975
Gross earnings.....	790,696	776,111	836,945	808,968
Excess dividends.....	225,980	270,866	276,961	256,354
Total.....	\$9,845,625	\$11,016,221	\$11,815,562	\$12,555,100
Telephone and telegraph companies:				
Real.....	\$945,203	\$1,169,897	\$988,787	\$1,715,133
Personal.....	22,187	11,816	11,500	29,230
Special franchise:				
Tangible.....	\$1,439,975	\$1,506,745	\$1,584,223	
Intangible.....	847,767	914,314	986,365	
Total.....	2,182,185	2,287,742	2,421,059	2,573,618
Gross earnings.....	297,037	337,453	354,528	377,946
Capital stock.....	396,972	408,455	445,853	469,261
Total.....	\$3,846,584	\$4,215,363	\$4,221,817	\$5,165,188
Total public utilities:				
Real property.....	\$19,115,134	\$20,880,588	\$20,521,335	\$25,104,965
Personal property.....	410,388	223,199	249,479	220,683
Special franchise:				
Tangible.....	\$5,640,504	\$9,813,418	\$9,034,326	\$9,435,385
Intangible.....	7,434,266	6,739,260	5,445,939	5,449,884
Total.....	13,074,770	14,532,678	14,480,265	14,885,209

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Public utilities — Concluded	TABLE 16 — Concluded			
	1917	1918	1919	1920
Gross earnings.....	2,482,925	2,670,161	2,811,620	2,995,297
Excess dividends.....	560,457	561,984	335,322	324,208
Capital stock.....	1,469,505	1,365,750	1,225,420	1,111,371
Grand total.....	\$37,113,179	\$40,205,390	\$39,643,441	\$44,650,733
* These totals include the following capital stock and gross earnings taxes paid by transportation companies other than steam and electric railways.				
Capital stock.....	\$128,786	\$161,974	\$181,259	\$40,217
Gross earnings.....	98,640	114,248	84,666	90,264
Total.....	\$227,426	\$276,222	\$265,925	\$130,481

(Mr. Frederick D. Bidwell, of the State Tax Commission, cooperated with the staff of the Committee in the preparation of this table.)

**Method of Study.**—The general method employed in determining the burden of taxes on the different classes of public service corporations has been the selection of a sample group from each class, and the intensive study of this group with respect to earnings, expenses, and taxes. It has been possible to secure adequate samples of telephone and telegraph corporations, street railways, and gas and electric corporations. For these groups the ratios and tables are based upon an intensive study of the individual corporations included in the samples during the period 1911–1920.

A study of steam railroads upon the same basis has been impossible. Because of the wartime control of railroads by the government, the reports for the years 1918, 1919 and 1920 are not directly comparable with those of earlier years. Secondly, most steam railroads engaged in interstate operations make no segregation of their tax payments by States, in reporting to the Public Service Commission or to the Tax Commission of New York State. A detailed study of representative railroad companies has thus been impossible, for the small number of companies for which detailed figures were available was not considered sufficiently representative to justify the drawing of conclusions.

The ratios for steam railroads have therefore been derived in another way. The total amount paid in taxes to New York State and localities by all the steam railroads operating within the State has been determined from the records of the Tax Commission. From the records of the Public Service Commission have been secured figures on gross earnings, operating expenses, and net income for the period 1911–1919, inclusive, for all steam railroads operating in New York State. In using the records of the last two years of this period the actual net earnings, apart from the federal rental, have been taken.\* An allocation has been made in each case on the basis of main track mileage.

In determining the ratios of taxes to earnings and expenses it has been necessary to exclude figures for the year 1916, as the fiscal year of the State was changed in that year, and the tax receipt figures are correspondingly distorted.

\* For each road under federal control the sum of the net income of the corporation and the reported net income of the Railroad Administration, less the amount of the federal rental, has been taken as the actual net income of the road.

Ratios for the steam railroad group have been worked out for all the railroads in the State, therefore, on the basis of figures covering eight years (1911-1919, inclusive, excluding 1916). Total tax receipts have been compared with total gross earnings, expenses, and net income for this period. The ratios of taxes to gross earnings and operating expenses have been based upon returns from the operating companies only. In securing the total net income of all the railroad companies in the State, an allocated portion of the net income of lessor companies has been added to the net income of the operating companies.\*

Certain of the tables presented below are based upon returns from individual public service corporations. Steam railroads are not included in these tables, appearing only in the tables based upon aggregate figures.

**Relation of Income to net Worth.**—Before attempting to determine the relative weight of the various taxes upon different classes of utilities, something should be known as to the percentage of corporations in each class operating at a loss, and as to the general relation of income to invested capital. The following table shows, for the sample group studied, the number of corporations in each class operating at a profit and operating at a loss during the ten-year period 1911-1920:

\* The allocation basis for lessor roads was main track mileage, the basis employed for operating roads.

TABLE 17  
SUMMARY OF PUBLIC SERVICE CORPORATIONS IN NEW YORK  
STATE

*The records of which were examined by the Joint Legislative Committee on  
Taxation and Retrenchment*

Class of utility	Total Number of cor- porations	Number operating at a profit (i. e., reporting an average net income, 1911-1920)	Percentage operating at a profit	Number operating at a loss (i. e., reporting an average deficit, 1911-1920)	Percentage operating at a loss
Steam Railroads * . . . .	60	43	71.5	17	28.5
Electric Railways . . . . .	56	34	60.7	22	39.3
Telephone and Telegraph Gas and Electric:	66	62	94.0	4	6.0
Electric Light and Power . . . . .	50	45	90.0	5	10.0
Gas and Electric (com- bined) . . . . .	22	19	86.5	3	13.5
Coal Gas and Water Gas . . . . .	18	15	83.5	3	16.5
Natural Gas . . . . .	18	† 18	100.0	.....	.....
Total Gas and Electric.	108	† 97	89.8	11	10.2
Grand Total, Public Ser- vice Corporations . . . .	290	236	81.5	54	18.5

Efforts have been made to make the above samples as representative of the different classes of utilities as possible. In making the first selection, all corporations, the records of which seemed complete for ten years, as reported by the Public Service Commission, were included. The inadequate character of some of the records made it necessary to exclude certain of these corporations. In some cases corporations having partially complete records were included, the average being worked out for a slightly shorter period.

It is apparent from the figures given that certain classes of utilities are much better off than others and that the utility group as a whole is not in as strong a position as the financial institutions studied in the preceding section.‡ Thirty-nine per cent of the electric railways operated at a loss during the decade 1911-1920,

\* Based upon reports from 60 operating steam railroads for the period covered. Cf. *supra*, pp. 33, 34.

† This figure includes one company the net worth of which was a negative figure; it is included since it showed a positive net income.

‡ Cf. *supra*, pp. 17, 18. Of the total number of financial institutions reporting only six showed an average deficit for the period 1913-1920. This is a shorter period, of course, than that covered by the utility figures.

NOTE.—This statement does not include a number of public service corporations the records of which were examined by the committee for the ten-year period, 1911-1920, but which were inadequate for the purposes of the committee.



while 6 per cent of the telephone and telegraph corporations showed a net loss during this period. Of the utility group as a whole, 18.5 per cent showed an average loss for this period. The number in each class operating at a deficit is shown in the detailed tables which follow. The majority of the corporations failing to show a profit are small companies.

These facts should be borne in mind in considering the tax figures presented.\* For apart from the absolute size of the taxes, the losses suffered by some companies serve to increase materially the average percentage of net income paid in taxes. In the tables dealing only with the profitable companies this difficulty is not present.

For the corporations reporting an average profit for the period here studied, the relation of net income to net worth is shown by classes in the detailed tables following.†

TABLE 18

RELATION OF NET INCOME TO NET WORTH, ELECTRIC RAILWAYS  
IN NEW YORK STATE

*Frequency Table Based upon the Average Annual Net Income and the Average Net Worth During the Period 1911-1920*

Percentage relation, net income to net worth

*Electric Railways reporting from New York State*

CLASS	Number in class	Number showing deficit	NUMBER EARNING							
			Less than 2%	2% to 3.9	4% to 5.9	6% to 7.9	8% to 9.9	10% to 11.9	12% to 13.9	
A Operating revenue \$1,000,000 or over.....	10	3	1	1	1	2	..	1	1	
B Operating revenue \$100,000 to \$999,999.....	27	8	7	2	4	2	1	2	1	
C Operating revenue less than \$100,000.....	19	11	4	2	2	..	..	..	..	
Total.....	56	22	12	5	7	4	1	3	2	

\* As was explained above, the net income on which these results are based is net income before any taxes have been deducted.

† As explained above, steam railroads are not included in the frequency tables based upon returns from individual corporations.

TABLE 19

RELATION OF NET INCOME TO NET WORTH, TELEPHONE AND  
TELEGRAPH CORPORATIONS IN NEW YORK STATE

*Frequency Table Based upon the Average Annual Net Income and the Average Net Worth During the Period 1911-1920*

Percentage relation, net income to net worth

*Telephone and Telegraph Corporations reporting from New York State*

CLASS	Number in class	Number showing deficit	NUMBER EARNING											
			Less than 2%	2% to 3.9	4% to 5.9	6% to 7.9	8% to 9.9	10% to 11.9	12% to 13.9	14% to 15.9	16% to 17.9	18% to 19.9	20% to 25.9	
CLASS A Operating revenue \$1,000,000 or over.	2	0	..	..	..	..	1	1	..	..	..	..	..	
CLASS B Operating revenue \$100,000 to \$999,999	7	0	..	2	..	1	..	2	1	..	1	..	..	
CLASS C Operating revenue \$25,000 to \$99,999	10	0	..	..	..	..	3	1	2	1	1	1	1	
CLASS D Operating revenue \$10,000 to \$24,999	29	2	..	1	4	8	4	4	2	2	1	1	..	
CLASS E Operating revenue less than \$10,000..	18	2	1	4	5	4	1	..	..	1	..	..	..	
Total .....	66	4	1	7	9	13	9	8	5	4	3	2	1	

TABLE 20

RELATION OF NET INCOME TO NET WORTH, ELECTRIC LIGHT  
AND POWER CORPORATIONS IN NEW YORK STATE

Frequency Tables Based upon the Average Annual Net Income and the Average  
Net Worth During the Period 1911-1920

Percentage relation, net income to net worth

Electric Light and Power Corporations reporting from New York State

CLASS	Num- ber in class	Number showing deficit	NUMBER EARNING										
			Less than 2%	2% to 3.9	4% to 5.9	6% to 7.9	8% to 9.9	10% to 11.9	12% to 13.9	14% to 15.9	16% to 17.9	18% to 19.9	22% to 23.9
A Operating revenue \$1,- 000,000 or over.....	8	.....	1	1	..	..	..	2	3	1	..	..	..
B Operating revenue \$100- 000 to \$999,999.....	22	1	1	1	3	3	5	4	1	1	..	..	1
C Operating revenue \$25,- 000 to \$99,999.....	15	2	..	..	2	2	3	2	1	2	..	1	..
D Operating revenue less than \$25,000.....	5	2	1	..	..	..	1	1	..	..	..	..	..
Total.....	50	5	3	2	3	5	7	10	8	4	1	1	1

TABLE 21

RELATION OF NET INCOME TO NET WORTH, GAS AND ELECTRIC  
CORPORATIONS IN NEW YORK STATE

(Combining gas and electric service.)

Frequency Table Based upon the Average Annual Net Income and the Average  
Net Worth During the Period 1911-1920

Percentage relation, net income to net worth

Gas and Electric Corporations reporting from New York State

CLASS	Num- ber in class	Number showing deficit	NUMBER EARNING										
			Less than 2%	4% to 5.9	6% to 7.9	8% to 9.9	10% to 11.9	12% to 13.9	14% to 15.9	22% to 23.9			
A Operating revenue \$1,000,000 or over.....	8	1	1	1	1	2	2	..	..	..			
B Operating revenue \$100,000 to \$999,999.....	14	2	1	2	2	2	..	2	2	1			
Total.....	22	3	2	3	3	4	2	2	2	1			

TABLE 22

RELATION OF NET INCOME TO NET WORTH, MANUFACTURED  
GAS COMPANIES IN NEW YORK STATE

Frequency Table Based upon the Average Annual Net Income and the Average  
Net Worth During the Period 1911-1920

Percentage relation, net income to net worth

Manufactured Gas Companies reporting from New York State

CLASS	Number in class	Number showing deficit	NUMBER EARNING										
			1% to 1.9	2% to 2.9	3% to 3.9	5% to 5.9	6% to 6.9	7% to 7.9	8% to 8.9	10% to 10.9	12% to 12.9	14% to 14.9	
A Operating revenue \$1,000,000 or over.....	2	.....	..	..	1	..	..	..	..	..	1	..	
B Operating revenue \$100,000 to \$99,999.....	9	1	1	1	1	..	..	1	2	1	..	1	
C Operating revenue \$25,000 to \$99,999.....	5	.....	1	..	..	2	1	1	..	..	..	..	
D Operating revenue less than \$25,000.....	2	2	..	..	..	..	..	..	..	..	..	..	
Total.....	18	3	2	1	2	2	1	2	2	1	1	1	

TABLE 23

RELATION OF NET INCOME TO NET WORTH, NATURAL GAS COMPANIES IN NEW YORK STATE

*Frequency Table Based upon the Average Annual Net Income and the Average Net Worth During the Period 1911-1920*

Percentage relation, net income to net worth

*Natural Gas Companies reporting from New York State*

CLASS	Number in class	NUMBER EARNING										
		Less than 2%	2% to 3.9	4% to 5.9	6% to 7.9	8% to 9.9	10% to 11.9	12% to 13.9	14% to 15.9	16% to 17.9		
A Operating revenue \$1,000,000 or over...	2	....	..	..	..	1	..	1	..	..		
B Operating revenue \$100,000 to \$999,999.	6	....	..	2	..	1	1	..	1	1		
C Operating revenue \$25,000 to \$99,999...	6	....	1	..	2	1	1	..	..	1		
D Operating revenue less than \$25,000....	3	1	1	1	..	..	..	..	..	..		
Total .....	17	1	2	3	2	3	2	1	1	2		

TABLE 24

RELATION OF NET INCOME TO NET WORTH, ALL GAS AND ELECTRIC COMPANIES IN NEW YORK STATE

*Frequency Table Based upon the Average Annual Net Income and the Average Net Worth During the Period 1911-1920*

Percentage relation, net income to net worth

*All Gas and Electric Companies reporting from New York State*

CLASS	Number in class	Number showing deficit	NUMBER EARNING										
			Less than 2%	2% to 3.9	4% to 5.9	6% to 7.9	8% to 9.9	10% to 11.9	12% to 13.9	14% to 15.9	16% to 17.9	18% to 19.9	22% to 23.9
A Operating revenue \$1,000,000 or over.....	20	1	2	2	1	1	3	4	5	1	..	..	..
B Operating revenue \$100,000 to \$999,999.....	51	4	3	3	5	6	8	7	6	5	2	..	2
C Operating revenue \$25,000 to \$99,999.....	26	2	1	1	4	6	4	3	1	2	1	1	..
D Operating revenue less than \$25,000.....	10	4	2	1	1	..	1	1	..	..	..	..	..
Total .....	107	11	8	7	11	13	16	15	12	8	3	1	2

The marked variation in each group in the return upon capital invested is apparent. Electric railroads, excluding those operating at a loss, show a marked concentration in the group earning less than 2 per cent, though one company earned as much as 13 per cent on its net worth. The rates of return earned by telephone and telegraph companies extend from less than 2 per cent to 25 per cent, the largest single group being made up of companies earning from 6 per cent to 8 per cent. The range for gas and electric companies extends to 23 per cent, the largest single class being those earning from 8 per cent to 10 per cent over the ten-year period covered.

The meaning of net income and net worth should be kept in mind in using these figures. Net income is income before taxes have been deducted and net worth is a book-keeping figure, the sum of capital, surplus and undivided profits.



In the following tables the median value of the ratio of net income to net worth is presented for each class of utility. In the first table this average has been computed when all companies in a given class have been included, while in the second table only those operating at a profit have been included.

TABLE 25

## AVERAGE RATIO OF NET INCOME TO NET WORTH

*Public Service Corporations in New York State, 1911-1920*

The average employed in each case is the *median*; thus one-half of the total number of corporations included in each of the given groups earned more than the given percentage on their net worth, while one-half earned less.

Class of Utility	Number of Corporations Included	Average Ratio, Net Income to Net Worth (expressed as a percentage relation)
Electric Railways .....	56	1.0
Telephone and Telegraph....	66	7.85
Gas and Electric:		
Electric Light and Power	50	10.0
Gas and Electric (combined) .....	22	8.0
Gas (manufactured) .....	18	5.5
Gas (natural) .....	*17	8.33
Total Gas and Electric.....	* 107	8.44

\* One company has been excluded because its net worth was a negative figure.

TABLE 26

## AVERAGE RATIO OF NET INCOME TO NET WORTH

*Public Service Corporations Operating at a Profit, 1911-1920*

(Excluding corporations showing a deficit)

Class of Utility	Number of Corporations Included	Average Ratio, Net Income to Net Worth (expressed as a percentage relation)
Electric Railways .....	34	4.00
Telephone and Telegraph....	62	8.00
Gas and Electric:		
Electric Light and Power.	45	10.5
Gas and Electric (combined) .....	19	8.75
Gas (manufactured) .....	15	6.5
Gas (natural) .....	17	8.33
Total Gas and Electric.....	96	9.12

These tables show the median return to the electric railways to be lowest, but 1.0 per cent upon net worth, while gas and electric companies show the highest median return, 8.44 per cent of net worth. These rates are of course higher when companies operating at a loss are excluded, as in the second table, though the relative standing of the different classes is unchanged.

The characteristics of the median have been explained above.\* In the present case the large number of small companies earning small returns, serve to make the median value low. The condition of the larger companies is brought out more clearly by a ratio based upon aggregate net income and aggregate net worth. In computing this ratio the actual income and net worth figures of all the corporations have been added, and the relation of net income to net worth computed from these aggregate figures. The following table gives the ratios so computed.

\* *Supra*, pp. 20, 21.

TABLE 27

RATIO OF AGGREGATE NET INCOME TO AGGREGATE NET WORTH  
*Public Service Corporations in New York State, 1911-1920*

The ratio for each class is the percentage relation of aggregate net income to aggregate net worth. The aggregate figures used are the sums of ten-year averages for each of the corporations included.

Class of Utility	Number of Corporations Included	Ratio of Aggregate Net Income to Aggregate Net Worth (expressed as a percentage relation)
Electric Railways .....	56	3.47
Telephone and Telegraph....	66	9.27
Gas and Electric:		
Electric Light and Power..	50	9.84
Gas and Electric (combined) .....	22	8.6
Gas (manufactured) ....	18	9.91
Gas (natural) .....	18	9.18
Total Gas and Electric.....	108	9.68

The above ratios are based upon reports from all the corporations in each class including those operating at a loss. The preponderant influence of the large companies which are, on the whole, more profitable, serves materially to increase the rates as compared with the median values. It is clear from these as well as from the earlier figures that there is a wide variation in the return earned upon net worth. Electric railways show an average return of 3.47 per cent, while gas and electric companies earn, on the average, 9.68 per cent on net worth.\*

The relative standing of the different classes of public utilities is the same in the table shown below, in which the ratios are based upon returns from profitable companies only.

\* It should be remembered that net income, as here used, is a figure from which taxes have not been deducted. The importance of this item is made clear in the later tables.

TABLE 28

RATIO OF AGGREGATE NET INCOME TO AGGREGATE NET WORTH

*Public Service Corporations Operating at a Profit, 1911-1920*

(Excluding corporations showing a deficit)

The ratio in each class is the percentage relation of aggregate net income to aggregate net worth. The aggregate figures used are the sums of ten-year averages for each of the corporations included.

Class of Utility	Number of Corporations Included	Ratio of Aggregate Net Income to Aggregate Net Worth (expressed as a percentage relation)
Electric Railways .....	34	4.66
Telephone and Telegraph....	62	9.27
Gas and Electric:		
Electric Light and Power..	45	9.87
Gas and Electric (combined) .....	19	9.17
Gas (manufactured) ....	15	10.1
Gas (natural) .....	18	9.18
Total Gas and Electric.....	97	9.76

The electric railway figure is materially higher in this table, but the other ratios are approximately the same. The slight change resulting from the elimination of the companies operating at a loss is due to the fact that these companies are, in the main, small and affect the aggregate figures but slightly. For many purposes it is desirable that the small companies should not be given too much weight, and for this reason the tables based upon aggregates are of value.

The variation in earning power revealed above in the comparison of different types of utilities is found to prevail within each class when a division on the basis of size is made. The following table gives ratios of aggregate net income to aggregate net worth, by classes, for different types of public service corporations.

TABLE 29

RATIO OF AGGREGATE NET INCOME TO AGGREGATE NET WORTH  
Public Service Corporations in New York State, by Classes  
(Ratio expressed as a percentage relation)

	Electric railways	Telephone and telegraph	Electric light and power	Gas and electric (com- bined)	Manufac- tured gas	Natural gas	Total gas and electric
Class A.....	3.9	9.3	9.9	9.2	11.8	9.6	10.0
Class B.....	1.6	8.8	9.7	6.7	4.8	8.5	7.9
Class C.....	Negative	12.6	8.8	.....	4.6	8.2	7.9
Class D.....	.....	6.4	Negative	.....	Negative	2.4	Negative
Class E.....	.....	3.7	.....	.....	.....	.....	.....

NOTE.—For the bases of classification, see the detailed tables above.  
In securing the above ratios all corporations, whether operating at a profit or at a loss, have been included.

The return upon the investment is obviously greater for the large companies than for the small ones. The one exception to this is found among the telephone companies, where the Class C companies show a greater proportionate return than do the larger corporations.

#### Relative Tax Burden Within the Public-Utility Groups.—

The materials presented above have indicated the extent of the variation in earnings among public service corporations. A large percentage in some of the classes show an absolute deficit during the period 1911–1920. Others, and particularly the larger corporations, have earned adequate returns upon their investment. This variation in earning power means, of necessity, that the burden of taxes has been unequal. Our present problem is to determine the degree of inequality.

The variety of taxes paid by each class of utility renders the problem more complex and more difficult than that encountered in studying the tax burden upon financial institutions. Inasmuch as many of the ratios given are based upon the total taxes paid by utilities, it is essential to determine the relative importance of the different types of taxes paid by each class. The absolute figures have been presented in Table 1 above. The following table presents the same facts upon a percentage basis. All the taxes paid by each class of utility constituting 100, this table shows the percentage of the total paid in meeting each of the specific taxes levied.

TABLE 30  
PERCENTAGE DISTRIBUTION OF TAXES ON PUBLIC UTILITIES, 1918–1920

CLASS OF UTILITY	Real prop- erty	Per- sonal prop- erty	Total general prop- erty	Special franchise, tangible fixed	Special franchise, intangible fixed	Total special franchise	Total general property and special franchise	Gross earn- ings	Excess divi- dends	Total gross earnings and excess dividends	Capital stock	Total State	Total State plus intangible special franchise
Steam railroads.....	78.6	.5	79.1	9.6	4.0	13.6	92.7	3.1	.....	.....	4.2	7.3	11.3
Electric railways (including sub- ways).....	88.4	5	93.9	28.1	21.2	49.3	86.2	10.7	2.0	12.7	1.1	13.8	35.0
Telephone and telegraph.....	45.4	5	50.9	33.3	20.2	53.5	82.4	7.86	.....	.....	9.74	17.6	37.6
Gas and electric companies.....	45.2	1.1	46.3	25.5	19.2	44.7	91.0	6.8	2.2	9.0	.....	9.0	28.2
Total public utilities.....	53.5	1.6	55.1	21.1	14.1	35.2	89.3	6.8	1.0	7.8	2.9	10.7	24.8

Steam railroads, it appears, pay 78.6 per cent of their total taxes in New York State on real property. If the tangible properties in the streets, taxed with the special franchises, are included, 88 per cent of the total is paid in property taxes. The last column in the table presents what is perhaps the most significant figure. Total taxes paid to the State (on gross earnings and capital stock) when combined with the taxes paid on intangible elements in the special franchise valuations constitute 11.3 per cent of all the taxes paid by steam railroads. It is this part of the tax payment which is directly comparable with the bank stock or franchise tax paid by financial institutions and the  $4\frac{1}{2}$  per cent tax on net income paid by business corporations.

This particular percentage is lowest in the case of steam railroads. For electric railways the sum of State taxes and taxes on intangible elements in the special franchise constitutes 35.0 per cent of the total taxes paid, for telephone and telegraph corporations 37.6 per cent, for gas and electric companies 28.2 per cent, and for the entire public utility group 24.8 per cent of total tax payments. These percentages should be borne in mind when the tax ratios are being studied.

For the purpose of studying the relative burden of taxes within the public utility group as a whole, three standards have been utilized, gross earnings from New York business, operating expenses in New York State, and net income from New York business. Taxes paid in New York have been compared with each of these standards.

In the case of corporations doing an interstate business, it has been necessary to allocate part of the total gross earnings, operating expenses and net income to New York. The basis of allocation has been main track mileage in the case of steam railroads and electric railways. In the case of telephone companies doing an interstate business, the general allocation basis has been that set forth in Art. 9, § 182 of the Tax Law, based upon the location of gross assets, though for certain purposes wire mileage and number of stations have been used. The interstate element is not important enough in the business of gas and electric companies to give rise to an allocation problem.

RELATION OF TAXES TO GROSS EARNINGS.—In the following tables the relations of total State and local taxes to gross earnings from New York business are shown, in the form of frequency tables, for the different classes of public service corporations. The tables are based upon the samples studied.

TABLE 31

RELATION OF TOTAL STATE AND LOCAL TAXES TO GROSS EARNINGS, ELECTRIC RAILWAYS IN NEW YORK STATE

*Frequency Table Based upon the Average Annual Tax Payments and the Average Annual Gross Earnings During the Period 1911-1920*

Percentage of gross earnings paid in total State and local taxes  
*Electric Railways reporting from New York State*

CLASS	Number in class	NUMBER PAYING							
		Less than 2%	2% to 3.9	4% to 5.9	6% to 7.9	8% to 9.9	10% to 11.9	12% to 13.9	14% to 15.9
<b>A</b>									
Operating revenue \$1,000,000 or over.....	10	....	....	4	3	2	....	....	1
<b>B</b>									
Operating revenue \$100,000 to \$999,999.....	27	....	6	12	5	....	3	1	....
<b>C</b>									
Operating revenue less than \$100,000.....	19	....	7	10	1	....	....	....	1
Total.....	56	....	13	26	9	2	3	1	2

TABLE 32

RELATION OF TOTAL STATE AND LOCAL TAXES TO GROSS EARNINGS, TELEPHONE AND TELEGRAPH CORPORATIONS IN NEW YORK STATE

Frequency Table Based upon the Average Annual Tax Payments and the Average Annual Gross Earnings During the Period 1911-1920

Percentage of gross earnings paid in total State and local taxes  
Telephone and Telegraph Corporations reporting from New York State

CLASS	Number in class	NUMBER PAYING									
		Less than 1%	1% to 1.9	2% to 2.9	3% to 3.9	4% to 4.9	5% to 5.9	6% to 6.9	7% to 7.9	8% to 8.9	
A Operating revenue \$1,000,000 or over...	2	...	...	...	...	1	1	...	...	...	
B Operating revenue \$100,000 to \$999,999	7	...	...	...	3	2	2	...	...	...	
C Operating revenue \$25,000 to \$99,999	10	...	...	1	3	4	2	...	...	...	
D Operating revenue \$10,000 to \$24,999	29	...	...	4	9	11	3	1	...	...	
E Operating revenue less than \$10,000	18	...	1	2	4	4	2	3	2	...	
Total	66	...	1	7	19	22	10	4	2	1	

TABLE 33

RELATION OF TOTAL STATE AND LOCAL TAXES TO GROSS EARNINGS, ELECTRIC LIGHT AND POWER CORPORATIONS IN NEW YORK STATE

Frequency Table Based upon the Average Annual Tax Payments and the Average Annual Gross Earnings During the Period 1911-1920

Percentage of gross earnings paid in total State and local taxes  
Electric Light and Power Corporations reporting from New York State

CLASS	Number in class	NUMBER PAYING											
		1% to 1.9	2% to 2.9	3% to 3.9	4% to 4.9	5% to 5.9	6% to 6.9	7% to 7.9	8% to 8.9	9% to 9.9	12% to 12.9	14% to 14.9	
A Operating revenue \$1,000,000 or over	8	...	1	...	1	1	2	...	1	1	1	...	
B Operating revenue \$100,000 to \$999,999	22	3	1	5	7	3	1	2	...	...	...	...	
C Operating revenue \$25,000 to \$99,999	15	...	2	2	6	2	2	...	...	1	...	...	
D Operating revenue less than \$25,000	5	1	...	3	...	...	...	...	...	...	...	1	
Total	50	4	4	10	14	6	5	2	1	2	1	1	

TABLE 34

RELATION OF TOTAL STATE AND LOCAL TAXES TO GROSS EARNINGS, GAS AND ELECTRIC CORPORATIONS IN NEW YORK STATE

(Combining gas and electric service.)

Frequency Table Based upon the Average Annual Tax Payments and the Average Annual Gross Earnings During the Period 1911-1920

Percentage of gross earnings paid in total State and local taxes  
Gas and Electric Corporations reporting from New York State

CLASS	Number in class	NUMBER PAYING							
		2% to 2.9	3% to 3.9	4% to 4.9	5% to 5.9	6% to 6.9	7% to 7.9	9% to 9.9	
A Operating revenue \$1,000,000 or over	8	...	...	2	2	1	2	1	
B Operating revenue \$100,000 to \$999,999	14	1	3	6	1	2	1	...	
Total	22	1	3	8	3	3	3	1	

TABLE 35

RELATION OF TOTAL STATE AND LOCAL TAXES TO GROSS EARNINGS, MANUFACTURED GAS COMPANIES IN NEW YORK STATE

Frequency Table Based upon the Average Annual Tax Payments and the Average Annual Gross Earnings During the Period 1911-1920

Percentage of gross earnings paid in total State and local taxes  
Manufactured Gas Corporations reporting from New York State

CLASS	Number in class	NUMBER PAYING					
		2% to 2.9	3% to 3.9	4% to 4.9	5% to 5.9	6% to 6.9	7% to 7.9
A Operating revenue \$1,000,000 or over	2	...	...	...	2	...	...
B Operating revenue \$100,000 to \$999,999	9	...	3	1	3	1	1
C Operating revenue \$25,000 to \$99,999	5	...	...	...	5	...	...
D Operating revenue less than \$25,000	2	1	...	...	...	1	...
Total	18	1	3	1	10	2	1



TABLE 36

## RELATION OF TOTAL STATE AND LOCAL TAXES TO GROSS EARNINGS, NATURAL GAS COMPANIES IN NEW YORK STATE

Frequency Table Based upon the Average Annual Tax Payments and the Average Annual Gross Earnings During the Period 1911-1920

Percentage of gross earnings paid in total State and local taxes

Natural Gas Corporations reporting from New York State

CLASS	Number in class	NUMBER PAYING									
		Less than 1%	1% to 1.9	2% to 2.9	3% to 3.9	4% to 4.9	5% to 5.9	7% to 7.9	8% to 8.9	9% to 9.9	
A Operating revenue \$1,000,000 or over...	2	1	1	..	..	..	..	..	..	..	..
B Operating revenue \$100,000 to \$999,999.	6	1	..	2	1	..	2	..	..	..	..
C Operating revenue \$25,000 to \$99,999...	7	..	..	..	3	1	..	1	1	1	..
D Operating revenue less than 25,000.....	3	..	..	1	1	..	..	..	..	..	1
Total.....	18	2	1	3	5	1	2	1	1	1	2

TABLE 37

## RELATION OF TOTAL STATE AND LOCAL TAXES TO GROSS EARNINGS, ALL GAS AND ELECTRIC COMPANIES IN NEW YORK STATE

Frequency Table Based upon the Average Annual Tax Payments and the Average Annual Gross Earnings During the Period 1911-1920

Percentage of gross earnings paid in total State and local taxes  
All Gas and Electric Companies reporting from New York State

CLASS	Number in class	NUMBER PAYING												
		Less than 1%	1% to 1.9	2% to 2.9	3% to 3.9	4% to 4.9	5% to 5.9	6% to 6.9	7% to 7.9	8% to 8.9	9% to 9.9	12% to 12.9	44% to 44.9	
A Operating revenue \$1,- 000,000 or over.....	20	1	1	1	..	3	5	3	2	1	2	1	...	
B Operating revenue \$100,- 000 to \$999,999.....	51	1	3	4	12	14	9	4	4	..	..	..	...	
C Operating revenue \$25,000 to \$99,999.....	27	....	..	2	5	7	7	2	1	1	2	..	...	
D Operating revenue less than \$25,000.....	10	....	1	2	4	..	..	1	..	..	1	..	1	
Total.....	108	2	5	9	21	24	21	10	7	2	5	1	1	

It is apparent that when the standard of gross earnings is used a wide variation in relative tax burden is found. Electric railways show a range of 14 per cent, from 2 per cent to 16 per cent, with a marked concentration in the group paying from 4 per cent to 6 per cent of gross earnings in taxes. Telephone and telegraph corporations pay from 1 per cent to 9 per cent of their gross earnings in taxes, the largest single group paying from 4 per cent to 5 per cent. The range of gas and electric companies is from less than 1 per cent to 45 per cent, the largest class being that paying from 4 per cent to 5 per cent.

These tables are summarized below, an average value being picked out for each class of utility. The average selected is the median, the use of which has been explained above.

TABLE 38

AVERAGE RATIO OF TOTAL STATE AND LOCAL TAXES TO GROSS EARNINGS

*Public Service Corporations in New York State, 1911-1920*

The average employed in each case is the median; thus one-half of the total number of corporations included in each of the given groups paid more than the given percentage of their gross earnings in meeting the taxes named, while one-half paid less.

Class of Utility	Number of Corporations Included	Average Ratio, Total State and Local Taxes to Gross Earnings (expressed as a percentage relation)
Electric Railways .....	56	5.15
Telephone and Telegraph....	67	4.27
Gas and Electric:		
Electric Light and Power..	50	4.5
Gas and Electric (combined) .....	22	4.87
Gas (manufactured) .....	18	5.40
Gas (natural) .....	18	3.60
Total Gas and Electric.....	108	4.71

Accepting the median value as representative, it is seen that the typical electric railway paid 5.15 per cent, the typical telephone and telegraph company 4.27 per cent, and the typical gas and electric company 4.71 per cent. The electric railway group shows the highest average found in the four main classes.

The above figures describe the situation of typical companies in each class. It is desirable to supplement these by ratios based upon total tax payments and total gross earnings in New York for each class of utility. The following table presents ratios based upon these aggregate figures.

TABLE 39

RATIO OF AGGREGATE STATE AND LOCAL TAXES TO AGGREGATE GROSS EARNINGS

*Public Service Corporations in New York State, 1911-1920*

The ratio for each class is the percentage relation of aggregate State and local taxes to aggregate gross earnings. The aggregate figures used are the sums of ten-year averages for each of the corporations included.\*

Class of Utility	Number of Corporations Included	Ratio of Aggregate State and Local Taxes to Aggregate Gross Earnings (expressed as a percentage relation)
Steam Railroads .....	60	3.9
Electric Railways .....	56	7.24
Telephone and Telegraph....	66	5.0
Gas and Electric:		
Electric Light and Power..	50	6.9
Gas and Electric (combined) .....	22	6.3
Gas (manufactured) .....	18	5.5
Gas (natural) .....	18	4.4
Total Gas and Electric.....	108	6.5

In the above table the ratio for steam railroads is lower than for the other utility groups, with telephone and telegraph corporations next. Electric railroads, with a ratio of 7.24, stand at the upper limit.

RELATION OF TAXES TO OPERATING EXPENSES.—Another basis of comparison which, like the one preceding, avoids some of the difficulties involved in using the net income basis, is that of operating expenses. By determining the relation of taxes to operating expenses for different classes of utilities, it is possible to study the degree of variation in tax burden. The tables immediately following show the relation between these two figures for the different utility groups. Operating expenses are expenses allocated to New York business on the bases explained above.

\* For the basis of the steam railroad figures, cf. *supra*, p. 33.

TABLE 40

RELATION OF TOTAL STATE AND LOCAL TAXES TO OPERATING  
EXPENSES, ELECTRIC RAILWAYS IN NEW YORK STATE

*Frequency Table Based upon the Average Annual Tax Payments and Average  
Annual Operating Expenses During the Period 1911-1920*

Percentage of operating expenses paid in total State and local taxes  
*Electric Railways reporting from New York State*

CLASS	Num- ber in class	NUMBER PAYING			
		Less than 6%	6% to 11.9	12% to 17.9	18% to 23.9
A Operating revenue \$1,000,000 or over.....	10	3	5	1	1
B Operating revenue \$100,000 to \$999,999.....	27	7	18	1	1
C Operating revenue less than \$100,000.....	19	13	6	....	....
Total.....	56	23	29	2	2

SUPPLEMENTARY TABLE: DETAILED CLASSIFICATION OF COM-  
PANIES PAYING LESS THAN 12 PER CENT

CLASS	Number in class	3% to 3.9	4% to 4.9	5% to 5.9	6% to 6.9	7% to 7.9	8% to 8.9	9% to 9.9	10% to 10.9	11% to 11.9
A.....	8	..	1	2	..	1	2	1	1	1
B.....	25	1	3	3	5	5	3	1	3	1
C.....	19	1	5	7	3	1	1	1	..	..
Total.....	52	2	9	12	8	6	5	4	4	2

TABLE 41

RELATION OF TOTAL STATE AND LOCAL TAXES TO OPERATING  
EXPENSES, TELEPHONE AND TELEGRAPH CORPORATIONS IN  
NEW YORK STATE

*Frequency Table Based upon the Average Annual Tax Payments and Average  
Annual Operating Expenses During the Period 1911-1920*

Percentage of operating expenses paid in total State and local taxes  
*Telephone and Telegraph Corporations reporting from New York State*

CLASS	Num- ber in class	NUMBER PAYING															
		2% to 2.9	3% to 3.9	4% to 4.9	5% to 5.9	6% to 6.9	7% to 7.9	8% to 8.9	9% to 9.9	10% to 10.9	12% to 12.9	32% to 32.9	38% to 38.9				
A Operating revenue \$1,000,000 or over.....	2	..	..	..	..	..	1	..	..	..	..	1	..				
B Operating revenue \$100,000 to \$999,999.....	7	..	..	1	2	2	2	..	..	..	..	..	..				
C Operating revenue \$25,000 to \$99,999.....	10	..	..	4	3	2	..	1	..	..	..	..	..				
D Operating revenue \$10,000 to \$24,999.....	29	..	3	11	7	3	1	3	..	1	..	..	..				
E Operating revenue less than 10,000.....	18	1	2	6	2	..	2	1	1	1	1	..	1				
Total.....	66	1	5	22	14	7	6	5	1	2	1	1	1				



TABLE 42

RELATION OF TOTAL STATE AND LOCAL TAXES TO OPERATING  
EXPENSES, ELECTRIC LIGHT AND POWER CORPORATIONS IN  
NEW YORK STATE

*Frequency Table Based upon the Average Annual Tax Payments and Average  
Annual Operating Expenses During the Period 1911-1920*

Percentage of operating expenses paid in total State and local taxes  
*Electric Light and Power Corporations in New York State*

CLASS	Num- ber in class	NUMBER PAYING						
		Less than 4%	4% to 7.9	8% to 11.9	12% to 15.9	20% to 23.9	32% to 35.9	84% to 87.9
A Operating revenue \$1,000,000 or over.....	8	..	2	3	2	..	..	1
B Operating revenue \$100,000 to \$999,999.....	22	3	11	3	3	1	1	..
C Operating revenue \$25,000 to \$99,999.....	15	2	8	2	2	1	..	..
D Operating revenue less than \$25,000.....	5	1	4	..	..	..	..	..
Total...	50	6	25	8	7	2	1	1

TABLE 43

RELATION OF TOTAL STATE AND LOCAL TAXES TO OPERATING  
EXPENSES, GAS AND ELECTRIC CORPORATIONS IN NEW YORK  
STATE

(Combining gas and electric service.)

*Frequency Table Based upon the Average Annual Tax Payments and Average  
Annual Operating Expenses During the Period 1911-1920*

Percentage of operating expenses paid in total State and local taxes  
*Gas and Electric Corporations reporting from New York State*

CLASS	Number in class	NUMBER PAYING									
		3% to 3.9	4% to 4.9	5% to 5.9	6% to 6.9	7% to 7.9	8% to 8.9	10% to 10.9	11% to 11.9	13% to 13.9	18% to 18.9
A Operating revenue \$1,000,000 or over.	8	..	..	1	1	2	..	1	1	1	1
B Operating revenue \$100,000 to \$999,999	14	2	2	1	2	2	1	2	2	..	...
Total.....	22	2	2	2	3	4	1	3	3	1	1

TABLE 44

RELATION OF TOTAL STATE AND LOCAL TAXES TO OPERATING  
EXPENSES, MANUFACTURED GAS CORPORATIONS IN NEW YORK  
STATE

*Frequency Table Based upon the Average Annual Tax Payments and Average  
Annual Operating Expenses During the Period 1911-1920*

Percentage of operating expenses paid in total State and local taxes  
*Manufactured Gas Corporations reporting from New York State*

CLASS	Num- ber in class	NUMBER PAYING							
		3% to 3.9	4% to 4.9	5% to 5.9	6% to 6.9	7% to 7.9	8% to 8.9	9% to 9.9	12% to 12.9
A Operating revenue \$1,000,000 or over.....	2	....	....	1	....	....	1	....	....
B Operating revenue \$100,000 to \$999,999.....	9	1	2	1	1	2	....	1	1
C Operating revenue \$25,000 to \$99,999.....	5	....	....	....	3	2	....	....	....
D Operating revenue less than \$25,000.....	2	1	....	....	1	....	....	....	....
Total.....	18	2	2	2	5	4	1	1	1

TABLE 45

RELATION OF TOTAL STATE AND LOCAL TAXES TO OPERATING  
EXPENSES, NATURAL GAS CORPORATIONS IN NEW YORK STATE

*Frequency Table Based upon the Average Annual Tax Payments and Average  
Annual Operating Expenses During the Period 1911-1920*

Percentage of operating expenses paid in total State and local taxes  
*Natural Gas Corporations reporting from New York State*

CLASS	Num- ber in class	NUMBER PAYING							
		Less than 2%	2% to 3.9	4% to 5.9	6% to 7.9	10% to 11.9	12% to 13.9	14% to 15.9	16% to 17.9
A Operating revenue \$1,000,000 or over.....	2	....	1	....	....	....	....	....	1
B Operating revenue \$100,000 to \$999,999.....	6	1	2	1	....	2	....	....	....
C Operating revenue \$25,000 to \$99,999.....	7	....	....	2	1	3	....	1	....
D Operating revenue less than \$25,000.....	3	....	1	1	....	....	1	....	....
Total.....	18	1	4	4	1	5	1	1	1

TABLE 46

RELATION OF TOTAL STATE AND LOCAL TAXES TO OPERATING EXPENSES, ALL GAS AND ELECTRIC COMPANIES IN NEW YORK STATE

Frequency Table Based upon the Average Annual Tax Payments and Average Annual Operating Expenses During the Period 1911-1920

Percentage of operating expenses paid in total State and local taxes  
All Gas and Electric Companies reporting from New York State

CLASS	Number in class	NUMBER PAYING								
		Less than 4%	4% to 7.9	8% to 11.9	12% to 15.9	16% to 19.9	20% to 23.9	32% to 35.9	84% to 87.9	
A Operating revenue \$1,000,000 or over.....	20	1	7	6	3	2	..	..	1	
B Operating revenue \$100,000 to \$999,999.....	51	9	25	11	4	..	1	1	..	
C Operating revenue \$25,000 to \$99,999.....	27	2	16	5	3	..	1	..	..	
D Operating revenue less than \$25,000.....	10	3	6	..	1	..	..	..	..	
Total.....	108	15	54	22	11	2	2	1	1	

A range of from 2 per cent to 85 per cent is found in these ratios, the latter being a quite exceptional case in the electrical companies group. The ratio does not exceed 12 per cent for the large mass of utilities, though the points of concentration vary somewhat for the different classes of public service corporations. The outstanding fact is that when the tax burden is measured by this standard a wide variation is again found.

The following table presents a summary of the situation in the different classes, the median case in each group being picked out as typical.

TABLE 47

AVERAGE RATIO OF TOTAL STATE AND LOCAL TAXES TO OPERATING EXPENSES

Public Service Corporations in New York State, 1911-1920

The average employed in each case is the median; thus one-half of the total number of corporations included in each of the given groups paid more than the given percentage of their operating expenses in meeting the taxes named, while one-half paid less.

Class of Utility	Number of Corporations Included	Average Ratio, Total State and Local Taxes to Operating Expenses (expressed as a percentage relation)
Electric Railways.....	56	6.87
Telephone and Telegraph....	67	5.32
Gas and Electric:		
Electric Light and Power.	50	7.04
Gas and Electric (combined).....	22	7.5
Gas (manufactured).....	18	6.60
Gas (natural).....	18	6
Total Gas and Electric.....	108	6.90

The variation here is not as pronounced as in certain of the other ratios, the typical case being 5.32 per cent in the telephone group, and 6.9 per cent in the gas and electric group.

Much more pronounced is the variation found when ratios based on aggregate taxes and aggregate operating expenses in New York are computed. These ratios are presented below:

TABLE 48

RATIO OF AGGREGATE STATE AND LOCAL TAXES TO OPERATING EXPENSES

Public Service Corporations in New York State, 1911-1920

The ratio for each class is the percentage relation of aggregate State and local taxes to operating expenses. The aggregate figures used are the sums of ten-year averages for each of the corporations included.\*

Class of Utility	Number of Corporations Included	Ratio of Aggregate State and Local Taxes to Operating Expenses (expressed as a percentage relation)
Steam Railroads.....	60	5.45
Electric Railways.....	56	11.58
Telephone and Telegraph....	66	8.50
Gas and Electric:		
Electric Light and Power.	50	13.2
Gas and Electric (combined).....	22	10.4
Gas (manufactured).....	18	8.2
Gas (natural).....	18	8.5
Total Gas and Electric.....	108	11.60

\* For the basis of the steam railroad figures, cf. *supra*, p. 33.

For steam railroads taxes constitute 5.45 per cent of total operating expenses, while for electric railways the figure is 11.58 per cent, and for gas and electric companies 11.60 per cent. This wide variation is, of course, partially due to different operating conditions.

**RELATION OF TOTAL TAXES TO NET INCOME.**—The two standards used above, gross earnings and operating expenses, are useful for certain purposes, but obviously do not constitute a measure of tax-paying ability. They are not, therefore, adequate as standards by which tax burden may be measured. Net income is the best single standard of tax-paying ability, and the percentage of net income paid in taxes is, therefore, the figure which best measures tax burden. This ratio has been determined for the different classes of utilities, and the results are presented in the tables which follow. In using these tables, the exact meaning of net income should be understood. The sense in which that term is here used has been explained above.\*

The first set of tables show the relation of total State and local taxes to net income for the corporations included in the study, the distribution by classes being given.

TABLE 49

**RELATION OF TOTAL STATE AND LOCAL TAXES TO NET INCOME,  
ELECTRIC RAILWAYS IN NEW YORK STATE**

*Frequency Table Based upon the Average Annual Tax Payments and the Average Annual Net Income Previous to any Deduction for Taxes During the Period 1911-1920*

1—Percentage of net income paid in total State and local taxes  
*Electric Railways reporting from New York State*

CLASS	Number in class	NUMBER PAYING						
		Less than 50%	50% to 99.9	100% to 149.9	150% to 199.9	200% to 249.9	250% to 299.9	600% to 649.9
A Operating revenue \$1,000,000 or over.....	7	4	2	1	....	....	....	....
B Operating revenue \$100,000 to \$999,999.....	19	10	4	1	....	....	3	1
C Operating revenue less than \$100,000.....	8	4	1	2	....	1	....	....
Total.....	34	18	7	4	....	1	3	1

\* Cf. *supra*, p. 11.

**SUPPLEMENTARY TABLE: DETAILED CLASSIFICATION OF COM-  
PANIES PAYING LESS THAN 50 PER CENT**

CLASS	Number in class	15% to 19%	20% to 24%	25% to 29%	30% to 34%	35% to 39%	40% to 44%	45% to 49%
A.....	4	....	....	1	1	1	....	1
B.....	10	1	....	1	2	4	....	2
C.....	4	1	1	....	1	....	....	1
Total.....	18	2	1	2	4	5	....	4

TABLE 50

**RELATION OF TOTAL STATE AND LOCAL TAXES TO NET INCOME,  
TELEPHONE AND TELEGRAPH CORPORATIONS, NEW YORK  
STATE**

*Frequency Table Based upon the Average Annual Tax Payments and the Average Annual Net Income Previous to any Deduction for Taxes During the Period 1911-1920*

Percentage of net income paid in total State and local taxes

*Telephone and Telegraph Corporations reporting from New York State*

CLASS	Num- ber in class	NUMBER PAYING								
		Less than 10%	10% to 19.9	20% to 29.9	30% to 39.9	40% to 49.9	50% to 59.9	60% to 69.9	70% to 79.9	130% to 139.9
A Operating revenue \$1,000,000 or over.....	2	1	....	1	....	....	....	....	....	....
B Operating revenue \$100,000 to \$999,999.....	7	....	2	3	1	....	....	....	....	1
C Operating revenue \$25,000 to \$99,999.....	10	....	4	4	....	1	....	....	1	....
D Operating revenue \$10,000 to \$24,999.....	27	2	9	9	1	3	1	2	....	....
E Operating revenue less than \$10,000.....	16	1	6	2	....	3	1	3	....	....
Total.....	62	4	21	19	2	7	2	5	1	1

TABLE 51

RELATION OF TOTAL STATE AND LOCAL TAXES TO NET INCOME,  
ELECTRIC LIGHT AND POWER CORPORATIONS IN NEW YORK  
STATE*Frequency Table Based upon the Average Annual Tax Payments and the  
Average Annual Net Income Previous to any Deduction for Taxes During  
the Period 1911-1920*Percentage of net income paid in total State and local taxes  
*Electric Light and Power Corporations reporting from New York State*

CLASS	Num- ber in class	NUMBER PAYING									
		Less than 10%	10% to 19.9	20% to 29.9	30% to 39.9	40% to 49.9	50% to 59.9	60% to 69.9	70% to 79.9	80% to 89.9	90% to 99.9
A Operating revenue \$1,000,000 or over...	8	..	2	4	..	..	1	1	..	..	..
B Operating revenue \$100,000 to \$999,999...	21	1	9	8	..	..	1	1	1	..	..
C Operating revenue \$25,000 to \$99,999...	13	..	6	3	2	..	1	..	..	..	1
D Operating revenue less than \$25,000...	3	..	2	..	1	..	..	..	..	..	..
Total .....	45	1	19	15	3	..	3	2	1	..	1

TABLE 52

RELATION OF STATE AND LOCAL TAXES TO NET INCOME, GAS AND  
ELECTRIC CORPORATIONS IN NEW YORK STATE

(Combining gas and electric service.)

*Frequency Table Based upon the Average Annual Tax Payments and the  
Average Annual Net Income Previous to any Deduction for Taxes During  
the Period 1911-1920*Percentage of net income paid in total State and local taxes  
*Gas and Electric Corporations reporting from New York State*

CLASS	Num- ber in class	NUMBER PAYING											
		5% to 9.9	10% to 14.9	15% to 19.9	20% to 24.9	25% to 29.9	30% to 34.9	35% to 39.9	45% to 49.9	60% to 64.9	85% to 89.9	..	..
A Operating revenue \$1,000,000 or over.	7	..	..	1	2	2	..	1	1	..	..	..	..
B Operating revenue \$100,000 to \$999,999	12	1	1	..	3	2	2	..	..	2	..	..	1
Total .....	19	1	1	1	5	4	2	1	1	2	..	..	1

TABLE 53

RELATION OF STATE AND LOCAL TAXES TO NET INCOME, MANU-  
FACTURED GAS COMPANIES IN NEW YORK STATE*Frequency Table Based upon the Average Annual Tax Payments and the  
Average Annual Net Income Previous to any Deduction for Taxes During  
the Period 1911-1920*Percentage of net income paid in total State and local taxes  
*Manufactured Gas Companies reporting from New York State*

CLASS	Num- ber in class	NUMBER PAYING									
		20% to 29.9	30% to 39.9	50% to 59.9	70% to 79.9	80% to 89.9	90% to 99.9	100% to 109.9	120% to 129.9	140% to 149.9	..
A Operating revenue \$1,000,000 or over	2	1	..	..	..	..	..	..	..	..	1
B Operating revenue \$100,000 to \$999,999	8	3	2	..	1	..	..	1	1	..	..
C Operating revenue \$25,000 to \$99,999	5	1	1	1	..	1	1	..	..	..	..
Total .....	15	5	3	1	1	1	1	1	1	1	1

TABLE 54

RELATION OF TOTAL STATE AND LOCAL TAXES TO NET INCOME,  
NATURAL GAS COMPANIES IN NEW YORK STATE*Frequency Table Based upon the Average Annual Tax Payments and the  
Average Annual Net Income Previous to any Deduction for Taxes During  
the Period 1911-1920*Percentage of net income paid in total State and local taxes  
*Natural Gas Companies reporting from New York State*

CLASS	Num- ber in class	NUMBER PAYING											
		Less than 5%	10% to 14.9	15% to 19.9	20% to 24.9	25% to 29.9	30% to 34.9	45% to 49.9	65% to 69.9	70% to 74.9	140% to 144.9	..	..
A Operating revenue \$1,000,000 or over.	2	1	..	1	..	..	..	..	..	..	..	..	..
B Operating revenue \$100,000 to \$999,999	6	1	3	1	1	..	..	..	..	..	..	..	..
C Operating revenue \$25,000 to \$99,999	7	..	2	1	..	1	..	1	1	..	..	..	1
D Operating revenue less than \$25,000	3	..	..	..	..	1	1	..	..	1	..	..	..
Total .....	18	2	5	3	1	2	1	1	1	1	1	1	1

TABLE 55

## RELATION OF TOTAL STATE AND LOCAL TAX TO NET INCOME, ALL GAS AND ELECTRIC COMPANIES IN NEW YORK STATE

Frequency Table Based upon the Average Annual Tax Payments and the Average Annual Net Income Previous to any Deduction for Taxes During the Period 1911-1920

Percentage of net income paid in total State and local taxes

All Gas and Electric Companies reporting from New York State

CLASS	Number in class	NUMBER PAYING															
		Less than 10%	10% to 19.9	20% to 29.9	30% to 39.9	40% to 49.9	50% to 59.9	60% to 69.9	70% to 79.9	80% to 89.9	90% to 99.9	100% to 109.9	120% to 129.9	140% to 149.9	300% to 309.9		
A Operating revenue \$1,000,000 or over	19	1	4	9	1	1	1	1	..	..	..	..	..	1	..	..	..
B Operating revenue \$100,000 to \$999,999	47	3	14	17	4	..	1	3	2	1	..	1	1	..	..	..	..
C Operating revenue \$25,000 to \$99,999	25	..	9	5	3	1	2	1	..	1	1	..	..	1	1	..	..
D Operating revenue less than \$25,000..	6	..	2	1	2	..	..	..	1	..	..	..	..	..	..	..	..
Total .....	97	4	29	32	10	2	4	5	3	2	1	1	1	2	1	..	..

The variation within each group is pronounced. From less than 2 per cent the ratio extends to more than 600 per cent. When the ratio is in excess of 100 per cent it means that a company which showed a profit before taxes were paid had a deficit after paying taxes.

The frequency tables above present the details of the situation within each group. In the following table the median case has been picked out as representative of each class. The ratios there given are to be considered typical in that the burden of taxes on an average company is shown for each group. In determining these ratios all companies, whether operating at a profit or a loss, have been included.

TABLE 56

## AVERAGE RATIO OF TOTAL STATE AND LOCAL TAXES TO NET INCOME

Public Service Corporations in New York State, 1911-1920

The average employed in each case is the median; thus one-half of the total number of corporations included in each of the given groups paid more than the given percentage of their net income in meeting the taxes named, while one-half paid less.

Class of Utility	Number of Corporations Included	Average Ratio, State and Local Taxes to Net Income (expressed as a percentage relation)
Electric Railways .....	56	137.5
Telephone and Telegraph....	67	23.61
Gas and Electric:		
Electric Light and Power.	50	23.33
Gas and Electric (combined) .....	22	28.75
Gas (manufactured).....	18	65.00
Gas (natural).....	18	18.33
Total Gas and Electric.....	108	26.56

The typical case in the electric railway group is in a position distinctly less favorable than the typical companies in the other groups. The fact that a relatively large percentage of the electric railways operate at a loss accounts for the high ratio here shown.

The following table presents the situation when only companies operating at a profit are included.

TABLE 57

## AVERAGE RATIO OF TOTAL STATE AND LOCAL TAXES TO NET INCOME

Public Service Corporations Operating at a Profit, 1911-1920

(Excluding corporations showing a deficit)

Class of Utility	Number of Corporations Included	Average Ratio, Total State and Local Taxes to Net Income (expressed as a percentage relation)
Electric Railways .....	34	48.75
Telephone and Telegraph....	63	22.8
Gas and Electric:		
Electric Light and Power.	45	22.67
Gas and Electric (combined) .....	19	26.87
Gas (manufactured).....	15	38.33
Gas (natural).....	18	18.33
Total Gas and Electric.....	97	24.85



The typical electric railway in this group pays 48.75 per cent of its net income from New York business in meeting all its State and local taxes. The two other classes of utilities here shown are represented by companies paying 24.85 per cent in the case of gas and electric companies, and 22.8 per cent in the case of telephone and telegraph companies.

While the above figures show the condition of typical companies they do not show the relation between the total taxes paid by different classes of utilities and the total net income, from New York business, of each of the utility groups.

It is desirable to establish such relations, for the fiscal aspects of the problem are most clearly brought out by the aggregate figures. These rates are shown in the following tables:

TABLE 58

#### RATIO OF AGGREGATE STATE AND LOCAL TAXES TO AGGREGATE NET INCOME

*Public Service Corporations in New York State, 1911-1920*

The ratio for each class is the percentage relation of aggregate State and local taxes to aggregate net income. The aggregate figures used are the sums of ten-year averages for each of the corporations included.\*

Class of Utility	Number of Corporations Included	Ratio of Aggregate State and Local Taxes to Aggregate Net Income (expressed as a percentage relation)
Steam Railroads †	109	28.2
Electric Railways	56	56.5
Telephone and Telegraph...	66	16.2
Gas and Electric:		
Electric Light and power..	50	23.9
Gas and Electric (combined).....	22	32.9
Gas (manufactured) .....	18	27.7
Gas (natural) .....	18	11.8
Total Gas and Electric.....	108	24.1

The ratios here given are in general lower than in the median tables, because of the preponderant influence of the large companies, which are on the whole more profitable. Electric rail-

\* For the basis of the steam railroad figures, cf. *supra*, p. 33.

† Returns from 49 lessor railroads are included. When operating roads only are included the ratio is 31.7.

ways are still seen in a position of less advantage, while telephone and telegraph companies show the lowest percentage.

The changes resulting from the omission of companies reporting losses are not pronounced. The following table gives the ratios based upon the returns of the profitable corporations only.

TABLE 59

#### RATIO OF AGGREGATE STATE AND LOCAL TAXES TO AGGREGATE NET INCOME

*Public Service Corporations Operating at a Profit*

(Excluding corporations showing a deficit)

Class of Utility	Number of Corporations Included	Ratio of Aggregate State and Local Taxes to Aggregate Net Income (expressed as a percentage relation)
Steam Railroads *	87	27.3
Electric Railways	34	44.40
Telephone and Telegraph †..	62	16.2
Gas and Electric:		
Electric Light and Power..	45	23.7
Gas and Electric (combined) .....	19	28.1
Gas (manufactured) .....	15	28.0
Gas (natural) .....	18	11.8
Total Gas and Electric.....	97	23.0

RELATION OF STATE TAXES TO NET INCOME.—The preceding section dealt with the relation of total taxes to net income. It is desirable to present an additional comparison in which all local taxes are excluded and only the taxes paid directly to the State are included. The following frequency tables show the percentage of net income paid in State taxes by the corporations included in each of the public utility groups.

\* This ratio is 31.2 when operating roads only are included.

† The returns from one large telephone and telegraph company, which is primarily a holding company, affect the telephone ratio materially. When taxes and income of this company are omitted, the ratio of aggregate taxes to aggregate net income, for all other companies, becomes 21.8 per cent. Income, as used in establishing this ratio, includes non-operating as well as operating income.

TABLE 60

RELATION OF TOTAL STATE TAXES TO NET INCOME, ELECTRIC  
RAILWAYS IN NEW YORK STATEFrequency Tables Based upon the Average Annual State Tax Payments and  
the Average Annual Net Income Previous to any Deduction for Taxes  
During the Period 1911-1920Percentage of net income paid in total State taxes  
Electric Railways reporting from New York State

CLASS	Number in class	NUMBER PAYING						
		Less than 9%	9% to 17.9	18% to 26.9	27% to 35.9	54% to 62.9	81% to 89.9	315% to 322
A Operating revenue \$1,000,000 or over.	7	6	1	....	....	....	....	....
B Operating revenue \$100,000 to \$999,999	19	10	5	....	....	2	1	1
C Operating revenue less than \$100,000.	8	4	....	1	2	1	....	....
Total .....	34	20	6	1	2	3	1	1

SUPPLEMENTARY TABLE: DETAILED CLASSIFICATION OF COM-  
PANIES PAYING LESS THAN 18 PER CENT

CLASS	Number in class	Less than 2%	2% to 3.9	4% to 5.9	6% to 7.9	8% to 8.9	10% to 11.9	12% to 13.9
A.....	7	1	1	3	....	....	2	....
B.....	15	....	1	1	5	4	2	2
C.....	4	....	....	2	1	1	....	....
Total.....	26	1	2	6	6	5	4	2

TABLE 61

RELATION OF TOTAL STATE TAXES TO NET INCOME, TELEPHONE  
AND TELEGRAPH CORPORATIONS IN NEW YORK STATEFrequency Table Based upon the Average Annual State Tax Payments and  
the Average Annual Net Income Previous to any Deduction for Taxes  
During the Period 1911-1920Percentage of net income paid in total State taxes  
Telephone and Telegraph Corporations reporting from New York State

CLASS	Num- ber in class	NUMBER PAYING														
		Less than 1%	1% to 1.9	2% to 2.9	3% to 3.9	4% to 4.9	5% to 5.9	6% to 6.9	7% to 7.9	8% to 8.9	9% to 9.9	11% to 11.9	15% to 15.9	16% to 16.9		
A Operating revenue \$1,000,000 or over.	2	....	....	....	1	1	....	....	....	....	....	....	....	....	....	....
B Operating revenue \$100,000 to \$999,999.....	7	....	1	1	2	....	2	....	....	....	....	....	1	....	....	....
C Operating revenue \$25,000 to \$99,999	10	1	....	3	3	2	....	....	....	1	....	....	....	....	....	....
D Operating revenue \$10,000 to \$24,999	27	1	1	3	8	7	2	1	1	2	....	....	....	....	1	....
E Operating revenue less than \$10,000..	16	1	....	4	2	2	2	1	2	....	1	1	....	....	....	....
Total .....	62	3	2	11	16	12	6	2	3	3	1	1	1	1	1	1

TABLE 62

RELATION OF TOTAL STATE TAXES TO NET INCOME, ELECTRIC  
LIGHT AND POWER CORPORATIONS IN NEW YORK STATE

Frequency Table Based upon the Average Annual State Tax Payments and  
the Average Annual Net Income Previous to any Deduction for Taxes  
During the Period 1911-1920

Percentage of net income paid in total State taxes

Electric Light and Power Corporations reporting from New York State

CLASS	Number in class	NUMBER PAYING									
		Less than 1%	1% to 1.9	2% to 2.9	3% to 3.9	4% to 4.9	5% to 5.9	6% to 6.9	7% to 7.9	8% to 8.9	9% to 9.9
A Operating revenue \$1,000,000 or over....	8	1	2	3	..	2	..	..	..	..	..
B Operating revenue \$100,000 to \$999,999..	21	..	5	6	3	4	..	1	2	..	..
C Operating revenue \$25,000 to \$99,999....	13	..	1	2	3	3	3	..	..	..	1
D Operating revenue less than \$25,000.....	3	..	2	1	..	..	..	..	..	..	..
Total .....	45	1	10	12	6	9	3	1	2	..	1

TABLE 63

RELATION OF TOTAL STATE TAXES TO NET INCOME, GAS AND  
ELECTRIC CORPORATIONS IN NEW YORK STATE

(Combining gas and electric service.)

Frequency Table Based upon the Average Annual State Tax Payments and  
the Average Annual Net Income Previous to any Deduction for Taxes  
During the Period 1911-1920

Percentage of net income paid in total State and local taxes

Gas and Electric Corporations reporting from New York State

CLASS	Number in class	NUMBER PAYING					
		2% to 2.9	3% to 3.9	4% to 4.9	5% to 5.9	7% to 7.9	9% to 9.9
A Operating revenue \$1,000,000 or over.....	7	3	2	2	..	..	..
B Operating revenue \$100,000 to \$999,999.....	12	1	7	1	..	2	1
Total .....	19	4	9	3	..	2	1

TABLE 64

RELATION OF TOTAL STATE TAXES TO NET INCOME, MANUFAC-  
TURED GAS COMPANIES IN NEW YORK STATE

Frequency Table Based upon the Average Annual State Tax Payments and  
the Average Annual Net Income Previous to any Deduction for Taxes  
During the Period 1911-1920

Percentage of net income paid in total State taxes

Manufactured Gas Corporations reporting from New York State

CLASS	Num- ber in class	NUMBER PAYING											
		1% to 1.9	2% to 2.9	3% to 3.9	4% to 4.9	5% to 5.9	6% to 6.9	8% to 8.9	9% to 9.9	13% to 13.9	14% to 14.9	..	..
A Operating revenue \$1,000,000 or over.....	2	..	..	1	..	..	..	..	..	1	..	..	..
B Operating revenue \$100,000 to \$999,999.....	8	..	1	1	2	1	1	1	..	..	..	..	1
C Operating revenue \$25,000 to \$99,999.....	5	1	..	..	2	1	..	..	1	..	..	..	..
Total .....	15	1	1	2	4	2	1	1	1	1	1	..	1

TABLE 65

RELATION OF TOTAL STATE TAXES TO NET INCOME, NATURAL  
GAS COMPANIES IN NEW YORK STATE

*Frequency Table Based upon the Average Annual State Tax Payments and  
the Average Annual Net Income Previous to any Deduction for Taxes  
During the Period 1911-1920*

Percentage of net income paid in total State taxes  
*Natural Gas Companies reporting from New York State*

CLASS	Number in class	NUMBER PAYING												
		Less than 0.5%	.5% to .9	1% to 1.4	1.5% to 1.9	2% to 2.4	2.5% to 2.9	3% to 3.4	4% to 4.4	5.5% to 5.9	7% to 7.4	8% to 8.4	8.5% to 8.9	
A Operating revenue \$1,- 000,000 or over....	2	1	..	..	..	..	1	..	..	..	..	..	..	
B Operating revenue \$100,000 to \$999,999	6	....	1	2	2	1	..	..	..	..	..	..	..	
C Operating revenue \$25,000 to \$99,999	7	....	..	..	1	1	..	1	1	..	1	1	1	
D Operating revenue less than \$25,000..	3	....	..	1	..	..	..	..	..	2	..	..	..	
Total.....	18	1	1	3	3	2	1	1	1	2	1	1	1	

TABLE 66

RELATION OF TOTAL STATE TAXES TO NET INCOME, ALL GAS  
AND ELECTRIC COMPANIES IN NEW YORK STATE

*Frequency Table Based upon the Average Annual State Tax Payments and  
the Average Annual Net Income Previous to any Deduction for Taxes  
During the Period 1911-1920*

Percentage of net income paid in total State taxes  
*All Gas and Electric Companies reporting from New York State*

CLASS	Num- ber in class	NUMBER PAYING															
		Less than 1%	1% to 1.9	2% to 2.9	3% to 3.9	4% to 4.9	5% to 5.9	6% to 6.9	7% to 7.9	8% to 8.9	9% to 9.9	13% to 13.9	14% to 14.9	18% to 18.9	20% to 20.9	25% to 25.9	30% to 30.9
A Operating revenue \$1,000,000 or over.....	19	2	2	7	3	4	..	..	..	..	..	1	..	..	..	..	..
B Operating revenue \$100,000 to \$999,999.....	47	1	9	9	11	7	1	2	4	1	1	..	1	..	..	..	..
C Operating revenue \$25,000 to \$99,- 999.....	25	..	3	3	4	6	4	..	1	2	1	..	..	..	..	..	1
D Operating revenue less than \$25,000	6	..	3	1	..	..	2	..	..	..	..	..	..	..	..	..	..
Total.....	97	3	17	20	18	17	7	2	5	3	2	1	1	1	..	..	..

The varying burden of these State taxes is revealed by the frequency tables. It is clear that these taxes, levied upon gross earnings, capital stock, or excess dividends, fall with very unequal weight upon different corporations when expressed in terms of net income.

The comparison of the tax burden on the different groups is facilitated by the selection of typical cases for each class. The results are given below, the ratio of State taxes to net income for the median case being shown for each group.

TABLE 67

## AVERAGE RATIO OF TOTAL STATE TAXES TO NET INCOME

*Public Service Corporations in New York State, 1911-1920*

The average employed in each case is the median; thus one-half of the total number of corporations included in each of the given groups paid more than the given percentage of their net income in meeting the taxes named, while one-half paid less.

Class of Utility	Number of Corporations Included	Average Ratio, Total State Taxes to Net Income (expressed as a percentage relation)
Electric Railways .....	56	31.50
Telephone and Telegraph ....	66	3.94
Gas and Electric:		
Electric Light and Power..	50	3.33
Gas and Electric (combined) .....	22	3.78
Gas (manufactured) .....	18	5.50
Gas (natural) .....	18	2.25
Total Gas and Electric .....	108	3.78

For two of the main groups the ratios are not far apart. The typical telephone company (i. e. the median company) pays 3.94 per cent of its net income in meeting State taxes, and the typical gas and electric company 3.78 per cent. Electric railways show an average very much greater, the typical ratio being 33 per cent.

When profitable companies alone are included, and the median ratios selected, the following values are secured.

TABLE 68

## AVERAGE RATIO OF TOTAL STATE TAXES TO NET INCOME

*Public Service Corporations Operating at a Profit, 1911-1920*

(Excluding corporations showing a deficit)

Class of Utility	Number of Corporations Included	Average Ratio, Total State Taxes to Net Income (expressed as a percentage relation)
Electric Railways .....	34	8.40
Telephone and Telegraph....	62	3.87
Gas and Electric:		
Electric Light and Power..	45	2.96
Gas and Electric (combined) .....	19	3.56
Gas (manufactured) ...	15	4.75
Gas (natural) .....	18	2.25
Total Gas and Electric .....	97	3.47

The electric railway ratio is materially smaller, being only 8.4 per cent, while the figures for the other groups are somewhat lower.

In the two preceding tables the different groups have been represented by typical cases, equal weight being given to large and small companies in the selection of the median cases. The following table shows the relations between aggregate State taxes and aggregate net income from New York business for each of the utility groups.

NOTE: The term "State taxes" as here used includes capital stock taxes, taxes on gross earnings, and taxes on excess dividends.

TABLE 69

## RATIO OF AGGREGATE STATE TAXES TO AGGREGATE NET INCOME

*Public Service Corporations in New York State, 1911-1920*

The ratio for each class is the percentage relation of aggregate State taxes to aggregate net income. The aggregate figures used are the sums of ten-year averages for each of the corporations included.

Class of Utility	Number of Corporations Included	Ratio of Aggregate State Taxes to Aggregate Net Income (expressed as a percentage relation)
Steam Railroads*	109	2.74
Electric Railways	56	8.28
Telephone and Telegraph	66	4.10
Gas and Electric:		
Electric Light and Power..	50	2.8
Gas and Electric (combined)	22	3.9
Gas (manufactured)	18	4.2
Gas (natural)	18	1.5
Total Gas and Electric	108	2.90

Steam railroads, it is seen, pay 2.74 per cent of their net income from New York business in meeting State taxes, while electric railways pay 8.28 per cent. The ratios for the other classes lie between these limits.

When ratios are determined for the companies operating at a profit the following results are secured.

TABLE 70

## RATIO OF AGGREGATE STATE TAXES TO AGGREGATE NET INCOME

*Public Service Corporations Operating at a Profit, 1911-1920*

(Excluding corporations showing a deficit)

The ratio for each class is the percentage relation of aggregate State taxes to aggregate net income. The aggregate figures used are the sums of ten-year average for each of the corporations included†

Class of Utility	Number of Corporations Included	Ratio of Aggregate State Taxes to Aggregate Net Income (expressed as a percentage relation)
Steam Railroads‡	87	2.65
Electric Railways	34	6.35
Telephone and Telegraph§	62	4.10
Gas and Electric:		
Electric Light and Power..	45	2.7
Gas and Electric (combined)	19	3.5
Gas (manufactured)	15	4.1
Gas (natural)	18	1.5
Total Gas and Electric	97	2.80

\* For operating roads only the ratio is 3.08.

† For the basis of the steam railroad figures, cf. *supra*, p. 33.

‡ For operating roads only the ratio is 3.04.

§ This ratio becomes 3.2 per cent when returns from one large company, primarily a holding company, are excluded.

RELATION BETWEEN LOCAL TAXES AND NET INCOME.— Taxes paid to localities on real and personal property and on special franchises constitute the chief tax payments made by public service corporations, in so far as New York taxes are concerned. Though property taxes are not in general so burdensome as income or capital stock taxes, it is desirable to determine the relative importance of these local taxes. The following frequency tables show the percentage of net income paid in local taxes by the various types of public service corporations, and indicate the extent to which the burden of these taxes varies within each of the groups.

TABLE 71

## RELATION OF TOTAL LOCAL TAXES TO NET INCOME, ELECTRIC RAILWAYS IN NEW YORK STATE

Frequency Table Based upon the Average Annual Local Tax Payments and the Average Annual Net Income Previous to any Deduction for Taxes During the Period 1911-1920

Percentage of net income paid in total local taxes  
Electric Railways reporting from New York State

CLASS	Number in class	NUMBER PAYING									
		Less than 25%	25% to 49.9	50% to 74.9	75% to 99.9	100% to 124.9	150% to 174.9	175% to 199.9	200% to 224.9	325% to 349.8	
A Operating revenue \$1,000,000 or over.....	7	2	3	2	..	..	..	..	..	..	
B Operating revenue \$100,000 to \$999,999.....	19	2	11	1	..	1	..	1	2	1	
C Operating revenue less than \$100- 000.....	8	3	2	..	1	1	1	..	..	..	
Total .....	34	7	16	3	1	2	1	1	2	1	

## SUPPLEMENTARY TABLE: DETAILED CLASSIFICATION OF COMPANIES PAYING FROM 25 TO 50 PER CENT

CLASS	Number in class	25% to 29.9	30% to 34.9	35% to 39.9	40% to 44.9	45% to 49.9
A.....	3	1	2	..	..	..
B.....	11	4	4	..	2	..
C.....	2	..	..	2	..	..
Total .....	16	5	6	2	2	..



TABLE 72

RELATION OF TOTAL LOCAL TAXES TO NET INCOME, TELEPHONE  
AND TELEGRAPH CORPORATIONS IN NEW YORK STATE

*Frequency Table Based upon the Average Annual Local Tax Payments and  
the Average Annual Net Income Previous to any Deduction for Taxes  
During the Period 1911-1920*

Percentage of net income paid in total local taxes

*Telephone and Telegraph Corporations reporting from New York State*

CLASS	Num- ber in class	NUMBER PAYING													
		Less than 5%	5% to 9.9	10% to 14.9	15% to 19.9	20% to 24.9	25% to 29.9	30% to 34.9	35% to 39.9	40% to 44.9	45% to 49.9	55% to 59.9	65% to 69.9	115% to 119.9	
A															
Operating revenue \$1,000,000 or over.....	2	1	..	..	1	..	..	..	..	..	..	..	..	....	
B															
Operating revenue \$100,000 to \$999,999.....	7	....	1	..	1	3	..	1	..	..	..	..	..	1	
C															
Operating revenue \$25,000 to \$99, 999.....	10	....	..	4	2	1	1	..	..	..	1	..	1	....	
D															
Operating revenue \$10,000 to \$24, 999.....	27	....	3	6	9	2	1	..	2	2	1	1	..	....	
E															
Operating revenue less than \$10,000	16	2	..	3	3	..	1	..	3	1	1	2	..	....	
Total .....	62	3	4	13	16	6	3	1	5	3	3	3	1	1	

TABLE 73

RELATION OF TOTAL LOCAL TAXES TO NET INCOME, ELECTRIC  
LIGHT AND POWER CORPORATIONS IN NEW YORK STATE

*Frequency Table Based upon the Average Annual Local Tax Payments and  
the Average Annual Net Income Previous to any Deduction for Taxes  
During the Period 1911-1920*

Percentage of net income paid in total local taxes

*Electric Light and Power Corporations reporting from New York State*

CLASS	Num- ber in class	NUMBER PAYING							
		Less than 10%	10% to 19.9	20% to 29.9	30% to 39.9	40% to 49.9	50% to 59.9	60% to 69.9	260% to 269.9
A Operating revenue \$1,000,000 or over.....	8	....	2	4	..	1	..	1	....
B Operating revenue \$100,000 to \$999,999.....	21	1	13	4	..	..	2	1	....
C Operating revenue \$25,000 to \$99,999.....	13	....	7	4	..	1	..	..	1
D Operating revenue less than \$25,000.....	3	1	1	..	1	..	..	..	....
Total .....	45	2	23	12	1	2	2	2	1

TABLE 74

RELATION OF TOTAL LOCAL TAXES TO NET INCOME, GAS AND  
ELECTRIC CORPORATIONS IN NEW YORK STATE

(Combining gas and electric service.)

*Frequency Table Based upon the Average Annual Local Tax Payments and  
the Average Annual Net Income Previous to any Deduction for Taxes  
During the Period 1911-1920*

Percentage of net income paid in total local taxes

*Gas and Electric Corporations reporting from New York State*

CLASS	Number in class	NUMBER PAYING								
		10% to 14.9	15% to 19.9	20% to 24.9	25% to 29.9	30% to 34.9	40% to 44.9	50% to 54.9	55% to 59.9	74% to 79.9
A Operating revenue \$1,000,000 or over.....	7	..	2	1	2	1	1	..	..	..
B Operating revenue \$100,000 to \$999,999...	12	2	3	1	1	2	..	1	1	1
Total .....	19	2	5	2	3	3	1	1	1	1

TABLE 75

## RELATION OF TOTAL LOCAL TAXES TO NET INCOME, MANUFACTURED GAS COMPANIES IN NEW YORK STATE

*Frequency Table Based upon the Average Annual Local Tax Payments and the Average Annual Net Income Previous to any Deduction for Taxes During the Period 1911-1920*

Percentage of net income paid in total local taxes  
Manufactured Gas Companies reporting from New York State

CLASS	Number in class	NUMBER PAYING									
		10% to 19.9	20% to 29.9	30% to 39.9	40% to 49.9	50% to 59.9	60% to 69.9	70% to 79.9	80% to 89.9	90% to 99.9	100% to 139.9
A Operating revenue \$1,000,000 or over.	2	1	..	..	..	..	..	..	..	..	1
B Operating revenue \$100,000 to \$999,999	8	2	3	..	..	1	..	1	1	1	..
C Operating revenue \$25,000 to \$99,999	5	1	..	1	1	..	2	..	..	..	..
Total	15	4	3	1	1	1	2	1	1	1	1

TABLE 76

## RELATION OF TOTAL LOCAL TAXES TO NET INCOME, NATURAL GAS COMPANIES IN NEW YORK STATE

*Frequency Table Based upon the Average Annual Local Tax Payments and the Average Annual Net Income Previous to any Deduction for Taxes During the Period 1911-1920*

Percentage of net income paid in total local taxes  
Natural Gas Companies reporting from New York State

CLASS	Number in class	NUMBER PAYING										
		Less than 5%	5% to 9.9	10% to 14.9	15% to 19.9	20% to 24.9	25% to 29.9	30% to 34.9	35% to 39.9	40% to 44.9	45% to 49.9	50% to 109.9
A Operating revenue \$1,000,000 or over	2	1	..	..	1	..	..	..	..	..	..	..
B Operating revenue \$100,000 to \$999,999	6	1	1	2	1	1	..	..	..	..	..	..
C Operating revenue \$25,000 to \$99,999	7	..	2	1	..	1	..	1	1	..	..	1
D Operating revenue less than \$25,000	3	..	..	..	..	..	2	..	..	1	..	..
Total	18	2	3	3	2	2	2	1	1	1	1	1

TABLE 77

## RELATION OF TOTAL LOCAL TAXES TO NET INCOME, ALL GAS AND ELECTRIC COMPANIES IN NEW YORK STATE

*Frequency Table Based upon the Average Annual Local Tax Payments and the Average Annual Net Income Previous to any Deduction for Taxes During the Period 1911-1920*

Percentage of net income paid in total local taxes  
All Gas and Electric Companies reporting from New York State

CLASS	Number in class	NUMBER PAYING														
		Less than 10%	10% to 19.9	20% to 29.9	30% to 39.9	40% to 49.9	50% to 59.9	60% to 69.9	70% to 79.9	80% to 89.9	90% to 99.9	100% to 109.9	130% to 139.9	260% to 269.9	..	..
A Operating revenue \$1,000,000 or over	19	1	6	7	1	2	..	1	..	..	..	..	1	..	..	..
B Operating revenue \$100,000 to \$999,999	47	3	23	10	2	..	4	2	1	..	1	1	..	..	..	..
C Operating revenue \$25,000 to \$99,999	25	2	9	5	1	3	1	..	..	2	..	1	..	1	..	..
D Operating revenue less than \$25,000	6	1	1	2	1	..	..	1	..	..	..	..	..	..	..	..
Total	97	7	39	24	5	5	5	4	1	2	1	2	1	1	1	1

The wide variations shown in these tables make difficult a comparison of the average burden in each of the different groups. This comparison is permitted by the following table, in which the median case has been selected as representative of each group.

TABLE 78

## AVERAGE RATIO OF TOTAL LOCAL TAXES TO NET INCOME

*Public Service Corporations in New York State, 1911-1920*

The average employed in each case is the median; thus one-half of the total number of corporations included in each of the given groups paid more than a given percentage of their net income in meeting the taxes named, while one-half paid less.

Class of Utility	Number of Corporations Included	Average Ratio, Total Local Taxes to Net Income (expressed as a percentage relation)
Electric Railways .....	56	112.50
Telephone and Telegraph....	66	18.44
Gas and Electric:		
Electric Light and Power..	50	20.
Gas and Electric (combined) .....	22	28.33
Gas (manufactured) .....	18	55.
Gas (natural) .....	18	17.5
Total Gas and Electric.....	108	23.30

When a company representative of the profitable concerns in each group is selected, the following ratios are secured:

TABLE 79

## AVERAGE RATIO OF TOTAL LOCAL TAXES TO NET INCOME

*Public Service Corporations Operating at a Profit, 1911-1920*

(Excluding corporations showing a deficit)

Class of Utility	Number of Corporations Included	Average Ratio, Total Local Taxes to Net Income (expressed as a percentage relation)
Electric Railways .....	34	34.16
Telephone and Telegraph....	62	18.33
Gas and Electric:		
Electric Light and Power..	45	18.91
Gas and Electric (combined) .....	19	25.8
Gas (manufactured) .....	15	35.0
Gas (natural) .....	18	17.5
Total Gas and Electric.....	97	21.00

Marked variations are found in each table, the differences being greater in the first case, where the ratios are based upon all companies.

In determining the weight of local taxes it is desirable to supplement the above figures by ratios based on aggregate taxes and aggregate net income. These ratios are shown in the following table:

TABLE 80

## RATIO OF AGGREGATE LOCAL TAXES (SPECIAL FRANCHISE AND GENERAL PROPERTY) TO AGGREGATE NET INCOME

*Public Service Corporations in New York State, 1911-1920*

The ratio for each class is the percentage relation of aggregate local taxes (special franchise and general property) to aggregate net income. The aggregate figures used are the sums of ten-year averages for each of the corporations included.\*

Class of Utility	Number of Corporations Included	Ratio of Aggregate Local Taxes (special franchise and general property) to Net Income (expressed as a percentage relation)
Steam Railroads† .....	109	25.5
Electric Railways .....	56	48.22
Telephone and Telegraph....	66	12.10
Gas and Electric:		
Electric Light and Power..	50	21.1
Gas and Electric (combined) .....	22	28.9
Gas (manufactured).....	18	23.5
Gas (natural).....	18	10.3
Total Gas and Electric.....	108	21.30

Excluding corporations operating at a loss during the period 1911-1920 the following ratios are secured:

\* For the basis of the steam railroad figures, cf. *supra*, p. 33.  
 † This ratio is 28.6 when operating roads only are included.

TABLE 81

RATIO OF AGGREGATE LOCAL TAXES (SPECIAL FRANCHISE AND  
GENERAL PROPERTY) TO AGGREGATE NET INCOME

*Public Service Corporations Operating at a Profit, 1911-1920*

(Excluding corporations showing a deficit)

Class of Utility	Number of Corporations Included	Ratio of Aggregate Local Taxes (special franchise and general property) to Net Income (expressed as a percentage relation)
Steam Railroads*	87	24.6
Electric Railways	34	38.05
Telephone and Telegraph†	62	12.10
Gas and Electric:		
Electric Light and Power..	45	21.0
Gas and Electric (combined)	19	24.6
Gas (manufactured).....	15	22.9
Gas (natural) .....	18	10.3
Total Gas and Electric.....	97	20.50

All the figures which have been presented in this section indicate that present State and local taxes are levied upon bases which cause them to fall with very unequal weight upon the different utility groups and upon the individual corporations within any given class. This is true not only of the property taxes, discussed in the last section, but of the gross earnings, excess dividends, and capital stock taxes which are paid to the State. As between the different utility groups, and within any given utility group, the burden of present taxes is markedly unequal.

**Comparison Between Public Utilities and Business Corporations.**—In studying the burden of taxes on different classes of corporations, business corporations have been used as a standard, because of the fact that the chief tax on these institutions is now levied on a straight net income basis. In undertaking to compare the public utilities with business corporations it is necessary to determine what taxes paid by the

\* This ratio is 28.2 when operating roads only are included.

† This ratio becomes 18.6 per cent when returns from one large company, primarily a holding company, are excluded.

former group are comparable with the net income tax paid by the latter class. In the pages immediately following the comparison is made on three different bases.\*

In the first table taxes paid by public utilities directly to the State (on gross earnings, excess dividends and capital stock) are compared with the  $4\frac{1}{2}$  per cent tax on the net income of business corporations. In the second comparison the tax paid on intangible elements in special franchise values is added to the State taxes of public service corporations. This seems to be a more legitimate comparison than the former, since the tax on intangible elements in special franchise values is not, in the economic sense, a direct tax on property. In the final comparison personal property taxes paid by public service corporations are combined with the two types mentioned above, and the burden of all these taxes is compared with the burden of the net income tax on business corporations. Since the latter tax replaces all taxes but those on real property, it seems just to set against it all taxes paid by public utilities which are not based on real property (speaking again from the economic and not the legal point of view), on or off the streets.

The material necessary for comparing the burden of the State taxes paid by public utilities with the burden of the net income tax paid by business corporations has already been presented. It is summarized in the following table. Only those corporations operating at a profit have been included.

\* An accurate comparison of the burden of total taxes on business corporations with the burden of total taxes on public utilities is not possible, because of differences in the definition of real and personal property for these two classes of corporations.

TABLE 82\*

## PERCENTAGE OF NET INCOME PAID IN STATE TAXES

*Business Corporations and Public Service Corporations in New York State*

The business corporation tax on which this table is based is that levied under Art. 9-a of the Tax Law. The public utility taxes included are those on gross earnings, excess dividends and capital stock.

The ratio for each class of public utility is the percentage relation of aggregate State taxes to aggregate net income. The aggregate figures used are the sums of ten-year averages (1911-1920) for each of the corporations included.† The base in each case is net income before any taxes have been deducted.

Class of Corporation.	Ratio of State taxes to net income
Business corporations (mercantile and manufacturing)	4.30
Steam Railroads	2.65
Electric Railways	6.35
Telephone and Telegraph	4.10
Gas and Electric:	
Electric Light and Power	2.7
Gas and Electric (combined)	3.5
Gas (manufactured)	4.1
Gas (natural)	1.5
Total Gas and Electric	2.80

The figures presented indicate that, with the exception of electric railways, the public utilities pay a smaller percentage of their net income in State taxes than business corporations pay in meeting the net income tax. The latter figure appears as but 4.3 per cent of net income because the net income used as a base is net income before any taxes, property or otherwise, have been deducted. In comparison with this figure steam railroads pay but 2.65 per cent, gas and electric companies 2.8 per cent, telephone and telegraph companies 4.1 per cent, and electric railways 6.35 per cent of their net income.‡

\* The following ratios have been worked out independently for the years 1913-15-17-18. They are based upon the average State taxes paid in those years, and the average net income earned from New York business by the different classes of public service corporations:

Class of Utility	Ratio of State Taxes to net income
Steam railroads	2.20 per cent
Electric railways	5.85 per cent
Telephone and telegraph	3.42 per cent
Gas and electric	2.28 per cent

These figures which are based upon returns from all the public utilities in the State, serve as a check upon the results secured from the sample group studied. It should be pointed out that these ratios are not in all respects comparable to those given above in Table 82.

† For the basis of the steam railroad figures, cf. *supra*, p. 33.

‡ Attention should again be drawn to the fact that the "net income" upon which these ratios are based is not exactly the same for business corporations and for public service corporations. The differences are not great enough seriously to affect the ratios presented. Cf. p. 11, *supra*.

A fairer comparison is secured if the taxes paid by public utilities on the intangible elements in their special franchise values are included with State taxes. The following table shows the percentage of net income paid by public utilities in meeting these combined taxes, in comparison with the franchise tax paid by business corporations.

TABLE 83†

## PERCENTAGE OF NET INCOME PAID IN STATE TAXES PLUS TAXES ON INTANGIBLE ELEMENTS IN SPECIAL FRANCHISE VALUES

*Public Service Corporations in New York State*

Class of Utility	Ratio of State taxes plus taxes on intangible elements in special franchise values to net income	Percentage
Steam Railroads		3.74
Electric Railways		15.40
Telephone and Telegraph		7.10
Gas and Electric		7.15

When the taxes on intangible elements in special franchise values are included with State taxes the public service corporations, with the single exception of steam railroads, are seen to be paying a larger percentage of net income in meeting these taxes than the business corporations pay under article 9-a. This tax, it was noted, amounted to 4.3 per cent of net income. The burden is materially heavier in the case of electric railways, which pay 15.4 per cent of their net income on these taxes.\* The difference is less in the telephone and telegraph and gas and electric groups, while steam railroads show the smallest percentage.

† The following ratios are based upon complete returns from all public utilities in New York State for the years 1913-15-17-18. For all groups except telephone and telegraph companies the ratios are less than in the table based upon ten-year averages:

Class of Utility	Ratio of State taxes plus taxes on intangible elements in special franchise values to net income	Percentage
Steam railroads		3.23
Electric railways		14.12
Telephone and telegraph		7.10
Gas and electric		6.52

\* As in the preceding table these ratios are based upon aggregate taxes and aggregate net income for sample groups from each class. Only corporations operating at a profit have been included.



For the final comparison taxes paid on personal property by public service corporations are included with State taxes and taxes on intangible elements in special franchise values. This combination includes all taxes not levied on real property, and is thus directly comparable with the net income tax on business corporations. The latter replaces all franchise taxes and personal property taxes, it will be recalled.

The following table\* shows the percentage of net income paid in these combined taxes.

TABLE 84\*

PERCENTAGE OF NET INCOME PAID IN STATE TAXES PLUS TAXES ON PERSONAL PROPERTY AND TAXES ON INTANGIBLE ELEMENTS IN SPECIAL FRANCHISE VALUES

*Public Service Corporations in New York State*

Class of Utility	Ratio of State Taxes Plus Personal Property Taxes and Taxes on Intangible Elements in Special Franchise Values to Net Income.	
	Percentage	
Steam Railroads .....	3.88	
Electric Railways .....	15.60	
Telephone and Telegraph .....	7.20	
Gas and Electric .....	7.40	

From the above tables it is apparent that when all public utility taxes other than those on real property are expressed in terms of net income there are striking inequalities of burden as between the different utility groups. When these burdens are compared with that borne by business corporations taxed under article 9-a

\* The following ratios are based upon complete returns from all public utilities in New York State for the years 1913-15-17-18.

Class of Utility	Ratio of State taxes plus taxes on intangible elements in special franchise values and personal property taxes to net income	
	Percentage	
Steam railroads .....	3.37	
Electric railways .....	14.52	
Telephone and telegraph .....	7.56	
Gas and electric .....	7.24	

These ratios are based upon returns from a larger group than are the ratios given in Table 84, but represent conditions for four years only (1913-15-17-18).

it is seen that all the public service corporations, with the exception of steam railroads, pay more than do business corporations. The latter pay approximately 4.3 per cent of net income (taking as the base net income before property taxes have been deducted). Comparable taxes for steam railroads amounted to 3.88 per cent of net income. For telephone and telegraph companies the figure is 7.2 per cent, and 7.4 per cent for gas and electric companies. Electric railways show the highest percentage, the amount paid in State taxes, taxes on intangible elements in special franchise values and taxes on personal property amounting to 15.6 per cent of net income.

The complexities in the present system of taxing public utilities have been brought out.\* The fact that present taxes fall with very unequal weight upon the individual corporations within any group has been demonstrated. It has been shown that the different utility groups are not on equal terms in the matter of tax burden, when that burden is expressed in terms of net income. In the final section the burden of taxes on the chief classes of public service corporations has been compared with the burden of taxes on mercantile and manufacturing corporations.† The figures there presented have shown that business corporations and public service corporations bear unequal tax burdens, the public utility groups, with one important exception, paying more, in terms of net income, than do mercantile and manufacturing corporations.

**The relation between taxes, net income and gross income of public utilities.**—In the preceding study of the relative burden of taxes upon public service corporations in New York State, net income has been used as the chief standard of comparison. Net income as here used is gross income less interest charges and certain other deductions. This standard has certain defects, chief of which is one which arises from the varying methods employed by different public utilities in securing capital. The net income of a company securing most of its capital by bond issue would be relatively small, while the corresponding figure for a company financed by the sale of stock would be much greater. The two might be in

\* Cf. *supra*, p. 10.

† All real property taxes paid by both groups have been excluded in making this comparison.



positions of equal strength, yet if the burden of taxes were measured on the net income basis the former would appear to be in a position distinctly less favorable than the latter. It is desirable, therefore, to determine the relative importance of interest charges and other deductions from gross income for the various classes of public utilities in New York State.

This comparison has been made for the six-year period 1912-1917, inclusive. The four chief classes of public utilities reporting to the New York State Public Service Commission have been included. No attempt has been made to allocate either net or gross income to New York, or to separate New York taxes from others. We are desirous of determining the general relations between tax payments and net and gross income,\* and for this purpose no allocation is required.

The details of this comparison, by years, are presented in tables XV, XVI, XVII and XVIII in the Appendix. The following is a summary, showing the relations between the average annual gross income, deductions from gross income, net income and tax accruals, for the different public utility groups.

\* Gross income is the sum of operating income (*i. e.*, gross operating revenues less operating expenses, taxes assigned to operations and uncollectible revenues) and non-operating income, the latter composed of such net items as rents and interest and dividends received.

TABLE 85  
COMPARISON BETWEEN GROSS INCOME, DEDUCTIONS FROM GROSS  
INCOME, NET INCOME AND TAX ACCRUALS  
*Public Service Corporations in New York State*  
(Based on Average Annual Figures, 1912-1917)

Class of utility	Gross income	Deductions from gross income	Net income	Ratio of total deductions from gross income to gross income (percentage)
Steam railroads.....	\$255,133,333	\$146,458,499	\$108,674,833	57.13
Electric railways.....	52,163,576	38,759,513	13,404,063	74.30
Telephone companies.....	64,300,080	14,564,952	49,735,128	22.65
Gas and electric companies.....	53,825,744	20,969,034	32,856,709	38.95

Class of utility	Tax accruals	Gross income before deduction of tax accruals	Net income before deduction of tax accruals	Ratio of tax accruals to gross income before deduction of tax accruals (percentage)	Ratio of tax accruals to net income before deduction of tax accruals (percentage)
Steam railroads.....	\$31,949,333	\$287,082,666	\$140,624,166	11.13	22.71
Electric railways.....	8,116,185	60,279,761	21,520,248	13.46	37.71
Telephone companies..	4,971,285	69,271,366	54,707,423	7.17	9.09
Gas and electric companies.....	7,740,447	61,566,191	40,597,155	12.58	19.10

The varying importance of the gross income deductions is brought out in the column showing the ratio of these deductions (consisting chiefly of interest charges and rentals) to gross income. For telephone companies they constitute but 22.65 per cent of gross income, while for electric railways these deductions are 74.30 per cent of gross income. Gas and electric corporations and steam railroads stand between these two limits, the figure for the former being 38.95 per cent and for the latter 57.13 per cent. These figures indicate the relative importance of the various methods of securing capital employed by the different utilities, the electric railways being distinctly more dependent upon borrowing, with definite contractual obligations, than are the other

utilities. Net income, after these contractual deductions are made, will be correspondingly lower.

These differences are more sharply brought out by the figures showing the relation of tax accruals to gross and net income. For telephone companies tax accruals constitute but 9.09 per cent of net income (before deduction of tax accruals), the corresponding figure for electric railways being 37.71 per cent. Steam railroads and gas and electric corporations show less variation, the former being 22.71 per cent, and the latter 19.10 per cent.

These wide variations are not entirely ironed out, but become much less pronounced, when gross income is used as the standard of comparison. Electric railways still stand at the upper limit, taxes constituting 13.46 per cent of gross income, and telephone corporations are at the lower limit with a ratio of 7.17 per cent, but the spread between the two is less marked. Were the non-operating income of the latter group excluded, the difference would be less pronounced. Steam railroads have a ratio of 11.13 per cent, and gas and electric companies a ratio of 12.58 per cent.

Net income is not, therefore, a perfect standard for measuring the burden of taxes. Insofar as there are variations in the methods employed in securing capital, this standard is imperfect. The extent to which these variations exist and their effect upon the tax ratios for the different classes of utilities have been indicated above.

### The Burden of Taxes on Insurance Companies

Insurance companies doing business in New York State are taxed on their gross premiums less certain deductions allowed by law.\* It is desirable to determine the relative burden of these taxes upon the individual insurance companies, and upon the insurance companies as a whole, in comparison with other classes of corporations. Securing a standard of comparison is not possible for certain classes of insurance companies, notably mutual life insurance companies. Difficulties are also encountered in connection with companies doing casualty and accident business. For these classes of corporations a figure directly comparable to the net income of business corporations or public utilities cannot be

\* Cf. *supra*, p. 10.

secured. For fire and fire and marine stock companies it is possible, however, to approximate the net profits derived from New York business. These figures have been secured for the ten-year period 1911-1920, inclusive, and have been used as a standard for determining the burden of taxes paid on gross premiums during this period.\*

The general procedure in determining net profits from New York business has been as follows: The net underwriting profit for the period in question has been determined by subtracting from the total amount received as net premiums from New York business the amount of losses paid in New York State plus 40 per cent of the net premiums. The latter figure represents general underwriting expenses, the figure of 40 per cent being the average relation of such expenses to net premiums. A correction has been made for the lag between losses incurred and losses paid. To net underwriting profit as thus determined an allocated portion of the gain from investments has been added,† the sum being net profits from business in New York State. Inasmuch as taxes have been deducted in securing this figure, being included in the expense item, they are added back. The ratio of taxes to the base thus secured is then worked out. An exact determination of the net profit from New York business is impossible, but the above method gives an approximation sufficiently close for the purpose.

The following table present the results secured by these calculations. The figures apply to domestic companies and foreign companies doing business in this State.

\* It should be noted that no account is here taken of other taxes or license fees.  
† The basis of allocation has been the relation of total premiums received in New York to total premiums written.

TABLE 86.  
PERCENTAGE OF NET PROFITS FROM NEW YORK BUSINESS  
Paid in Taxes on Gross Premiums in New York, 1911-1920 Inclusive  
Fire and Marine Insurance Companies Doing Business in New York State

Class of insurance	Number of companies included	Number of companies showing a loss from New York business 1911-1920	NUMBER OF COMPANIES PAYING																
			0	1% to 0.9%	2% to 1.9%	3% to 2.9%	4% to 3.9%	5% to 4.9%	6% to 5.9%	7% to 6.9%	8% to 7.9%	9% to 8.9%	10% to 9.9%	12% to 10.9%	17% to 12.9%	18% to 17.9%	23% to 18.9%	25% or over	
Fire .....	33	1	3	3	3	1	5	10	3	1	...	2	...	1	1	...	...	...	
Fire and marine .....	58	8	...	...	6	7	7	7	8	1	...	2	...	1	1	...	1	4	
All companies .....	91	9	3	3	9	8	12	17	11	2	3	4	1	2	1	1	1	4	

The variation in burden on the general classes of insurance companies considered is apparent. When taxes are expressed in terms of net income the percentages vary from less than 1 per cent to over 25 per cent for companies operating at a profit. The largest single group is found within the class paying from 5 per cent to 6 per cent of net income in taxes. As representing the average situation that company lying midway in the distribution (the median) may be selected. Including only the profitable companies, the median has a value of 5.35 per cent. For fire companies alone the value is 5.1 per cent, and for fire and marine companies alone it is 5.71 per cent.

In securing an average of this type (the median) equal weight is given to all companies, large or small. The burden of taxes upon the group as a whole is perhaps better represented by the ratio of the aggregate amount paid in taxes to the aggregate net profit from business in the State of New York. These ratios are presented below, all companies being included in one comparison and only the profitable companies in the other.

TABLE 87  
RELATION OF TAXES ON GROSS PREMIUMS TO NET PROFIT FROM  
NEW YORK BUSINESS

Class of insurance	Number of companies included	Ratio of aggregate taxes to aggregate net profits (expressed as a percentage relation)	
		Fire and Fire and Marine Insurance Companies	Ratio of aggregate taxes to aggregate net profits (expressed as a percentage relation)
Fire .....	33		4.76
Marine and fire and marine .....	58		5.89
All companies .....	91		5.75

TABLE 88

RELATION OF TAXES ON GROSS PREMIUMS TO NET PROFIT FROM  
NEW YORK BUSINESS*Fire and Marine Insurance Companies*  
(Excluding companies operating at a loss)

Class of insurance	Number of companies included	Ratio of aggregate taxes to aggregate net profits (expressed as a percentage relation)
Fire .....	32	4.10
Marine and fire and marine.....	50	4.92
Total.....	82	4.84

The ratios based upon aggregate figures are somewhat greater for companies doing a marine or fire and marine business than for the fire insurance companies. This is true when companies operating at a loss are excluded as well as when these companies are included.

For the entire group of 91 companies studied (including 9 companies operating at a loss) the taxes on gross premiums amounted to 5.75 per cent of net profits from New York business during the decade 1911-1920. For the 82 companies reporting an average profit, the ratio of these taxes to net profits was 4.84 per cent.

The frequency table presented above shows that present taxes fall with unequal weight on different insurance companies, when net profits are used as the standard of comparison. The general position of the insurance companies as a whole, in comparison with financial institutions, business corporations, and public utilities may be determined by reference to the tables presented in the earlier sections of this report.\*

\* The comparison should be made with the understanding that the ratios for the different classes of corporations have been derived by different methods, and are based upon periods of varying length. As between the different groups, therefore, they should be used to establish general relations only. The corresponding tables for other classes of corporations appear on pp. 23, 90-93.

**Expenses Involved in Paying Taxes and Contesting Assessments**

The burden of a complicated tax system is not measured by the amount of the taxes paid, alone. The corporations taxed are frequently put to considerable administrative and other expense in complying with the provisions of the tax law.

An investigation to determine the amount of these expenses was conducted by the Committee, all public service corporations in the State being circularized. Of the 1628 corporations to which questionnaires were sent, replies were received from 717, or 44.1 per cent of the total number. Sixty-four of these replies were unsatisfactory. Of the remaining 653 corporations, 323 reported either that no expenses were involved in paying taxes, or that it was impossible to segregate these expenses. Figures in regard to expenses were received from 330 public service corporations. These figures are summarized in the following table:

TABLE 89

## TOTAL EXPENSES INVOLVED IN PAYING TAXES

Class of utility	Number of replies stating expenses	Total annual expenses involved in paying special franchise tax	Total annual expenses involved in paying other taxes (State and local)	Total annual expenses involved in paying all taxes
Steam railroads .....	30	\$12,993	\$41,694	\$54,687
Electric railways .....	27	8,798	17,631	26,429
Express and bus companies	6	15	15,346	15,361
Pipe lines .....	3	445	280	725
Water transportation ....	18	862	3,946	4,808
Telephone and telegraph..	84	21,864	32,420	54,284
Gas and electric.....	119	18,780	77,566	96,346
Water companies .....	43	1,707	2,521	4,228
Total.....	330	\$65,464	\$191,404	\$256,868

These figures indicate the amount of burden in the form of administrative expense to which public service corporations are put in complying with the present tax laws. For the 330 corporations from which figures were received, these expenses amount to more than one-quarter of a million dollars annually. The total figure for all corporations in the State would exceed this amount, of course.

In addition to the direct cost of paying taxes, it is desirable to determine the cost of contesting assessments of special franchises. The following table presents a summary of the returns from 98 corporations which reported such costs.

TABLE 90  
EXPENSES INVOLVED IN CONTESTING SPECIAL FRANCHISE ASSESSMENTS

<i>Public Service Corporations in New York State</i>		
Class of utility	Number of replies stating cost of contesting assessments	Total annual cost of contesting assessments
Steam railroads .....	17	\$6,257
Electric railways .....	10	2,381
Water transportation .....	2	510
Telephone and telegraph .....	5	1,047
Gas and electric .....	54	98,925
Water companies .....	10	797
Total.....	98	\$109,917

The replies received on this subject do not give a complete account of the situation in all utility groups, but, even though limited, indicate the importance of these costs. For the 98 companies replying the annual cost of contesting special franchise assessments amounted to \$109,917. Adding this to the other expenses of paying taxes the total annual expenses, for 330 corporations alone, amount to \$366,785. Of this total, \$175,381, or 48 per cent, represents expenses connected with the payment of the special franchise tax.

It is obvious that exact figures as to the expenses involved in complying with the tax laws of the State are unobtainable. The average corporation has no means of segregating such expenses from other administrative expenses. The figures presented, therefore, are to be taken as indicating the degree of expense to which taxpayers are put, rather than as measuring these costs exactly. Even with this qualification, however, the replies received indicate how considerable are these administrative and legal charges, which constitute a burden to the taxpayer, even though they bear no fruit for the State.

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## STATISTICAL APPENDICES TO PART II

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PERSONAL AND CORPORATE INCOME RETURNS AND TAX PAYMENTS; TABLES FOR THE UNITED STATES AND NEW YORK STATE

TABLE I

A.—*Personal Returns and Tax Payments, 1916-1919*

	1916			1917		
	Number of returns	Net income	Tax paid	Number of returns	Net income	Tax paid
New York.....	*93,155	\$1,922,864,651	\$77,970,521	*489,089	\$2,774,035,148	\$251,785,795
United States.....	*437,036	6,268,577,620	173,386,694	*3,472,890	13,652,383,207	691,492,054

TABLE I — (Continued)  
A.—Personal Returns and Tax Payments, 1916-1919

	1918			1919		
	Number of returns	Net income	Tax paid	Number of returns	Net income	Tax paid
New York.....	*559,753	\$2,719,713,784	\$354,263,417	*483,085	\$3,436,343,179	\$399,792,351
United States.....	*4,425,114	15,924,639,355	1,127,721,855	*5,352,700	19,850,491,445	1,269,630,104

\* Exemption limit 1916, \$3,000; 1917, 1918, and 1919, \$1,000.

\* Exemption limit 1916, \$3,000; 1917, 1918, and 1919, \$1,000.

TABLE I — (Continued)

B.—Corporate Returns and Tax Payments, 1916-1918

	1916			1917				
	Number of returns	Net income	Tax paid	Number of returns	Net income	Income tax	Excess profits tax	Total tax
New York.....	44,682	\$2,274,661,422	\$44,464,771	46,144	\$2,201,115,746	\$105,625,319	\$288,845,332	\$394,470,651
United States.....	341,253	\$7,965,908,984	171,805,150	351,426	10,730,360,211	503,698,026	1,667,747,740	2,172,445,766

TABLE I — (Continued)

B.—Corporate Returns and Tax Payments, 1916-1918

1918					
	Number of returns	Net income	Income tax	Excess profits tax	Total tax
New York.....	47,535	\$2,133,317,770	\$171,758,980	\$635,547,519	\$807,306,499
United States.....	317,579	8,361,511,249	653,198,483	2,505,563,939	3,158,764,422

TABLE I — (Concluded)

C.—Personal and Corporate Returns and Tax Payments, Combined, 1916-1918

	1916		1917		1918	
	Net income	Tax paid	Net income	Tax paid	Net income	Tax paid
New York.....	\$4,197,598.073	\$122,435,292	\$4,640,851,894	\$678,277,636	\$4,873,031,554	\$1,161,560,918
United States.....	15,004,486,604	345,101,844	24,382,743,418	2,921,583,203	24,298,150,604	4,280,486,257

\* Exemption limit 1916, \$3,000; 1917, 1918, and 1919, \$1,000.



TABLE II  
DISTRIBUTION OF CORPORATE INCOMES — UNITED STATES AND NEW YORK STATE, 1916-1918  
Corporations Showing Net Income

	Total number of corporations	Number reporting net income	Percentage of total corporations reporting	Gross income	Deductions	Net income	Income tax	War excess profits tax	Total tax	Percentage of total tax
1916										
New York.....	44,632	27,777	62.24	\$3,300,137,671	\$6,025,476,249	\$2,274,661,422	\$44,464,771		\$44,464,771	25.88
United States.....	341,233	206,184	60.65	32,531,096,969	23,765,187,985	8,765,908,984	171,805,150		171,805,150	100.00
1917										
New York.....	46,144	29,880	64.75	15,974,590,512	13,773,437,055	2,201,115,746	105,625,319	\$238,845,332	394,470,651	18.42
United States.....	351,426	232,079	66.04	70,540,004,391	68,809,644,980	10,730,360,211	533,668,029	1,638,747,740	2,142,445,769	100.00
1918										
New York.....	47,535	27,760	58.40	*16,945,819,327	*14,762,501,557	2,153,317,770	171,758,980	635,547,510	807,306,499	25.56
United States.....	317,579	202,091	63.63	*80,706,659,148	*72,345,147,899	8,361,511,249	653,198,483	2,505,565,939	3,158,764,422	100.00

TABLE II — (Continued)  
Corporations Showing No Net Income

	Number reporting net income	Percentage of total corporations reporting	Gross income	Deductions	Deficit
1916					
New York.....	16,855	37.76	\$932,271,248	\$801,492,479	\$139,221,231
United States.....	134,269	39.35	2,756,534,046	3,453,438,457	656,904,411
1917					
New York.....	16,204	35.25	1,163,831,359	1,303,348,173	139,466,814
United States.....	119,347	33.96	5,153,234,312	5,782,841,874	629,607,562
1918					
New York.....	19,775	41.60	1,751,135,499	1,920,890,296	169,754,770
United States.....	115,518	36.37	6,757,622,104	7,447,394,525	689,772,361

\* Published figures corrected on basis of data furnished by the office of the Commissioner of Internal Revenue.

TABLE III  
CORPORATION INCOME TAX — DISTRIBUTION OF INCOMES BY INDUSTRIES IN NEW YORK STATE IN 1916

Classification No.	INDUSTRIES	CORPORATIONS SHOWING NET INCOME				CORPORATIONS SHOWING NO NET INCOME			
		Total number of corporations reporting	Num-ber of cor-pora-tions	Gross income	Total deductions	Net income	Normal tax	Gross income	Total deductions
1	Agriculture and animal husbandry:	141	47	\$7,497,089	\$4,960,016	\$2,467,073	\$43,496	\$1,839,682	\$2,566,871
2	Farming.....	150	84	6,519,410	7,538,008	981,402	18,892	1,881,398	2,168,584
3	Stock raising.....	27	7	224,569	132,003	42,506	851	244,614	456,066
4	Forestry and lumber not provided for elsewhere.....	46	15	1,621,834	1,110,567	511,267	10,227	1,470,987	1,934,938
	Total, agriculture and animal husbandry.....	364	153	\$17,792,842	\$13,700,594	\$4,002,248	\$73,466	\$3,416,081	\$7,126,479
5	Extraction of minerals:	57	38	\$26,428,912	\$24,247,339	\$2,182,573	\$43,435	\$3,911,148	\$4,475,731
6	Coal mines.....	64	30	288,038,044	139,354,290	148,683,754	2,953,845	4,142,265	5,647,304
7	Gold and silver and precious metals.....	52	19	10,744,319	8,115,747	2,628,572	52,573	1,758,475	1,838,069
8	Iron mines.....	22	10	4,424,303	3,083,341	1,340,962	26,824	1,758,475	1,838,069
9	Lead and zinc mines.....	12	6	55,794,196	12,302,857	43,491,339	86,324	629,989	749,949
10	Quarries.....	17	6	1,531,195	637,888	893,307	6,373	495,702	619,579
11	Oil, gas, and salt wells.....	132	67	1,531,195	637,888	893,307	6,373	495,702	619,579
12	All other.....	235	88	42,721,408	25,322,645	17,398,763	339,748	4,851,983	7,104,638
	Total, extraction of minerals.....	601	273	\$49,967,870	\$21,926,434	\$28,041,436	\$4,372,527	\$7,027,958	\$17,027,958
	Total, extraction of minerals.....								
	Total, extraction of minerals.....								

INDUSTRIES

[illegible]

TABLE III — (Continued)

Classification No.	INDUSTRIES	CORPORATIONS SHOWING NET INCOME					CORPORATIONS SHOWING NO NET INCOME				
		Total number of corporations reporting	Number of corporations	Gross income	Total deductions	Net income	Normal tax	Number of corporations	Gross income	Total deductions	Deficit
50	Chemicals and allied products —	332	210	\$117,061,706	\$99,139,494	\$17,922,212	\$938,722	122	\$2,439,320	\$3,823,583	\$1,383,763
51	Chemicals .....	32	22	21,718,575	18,157,575	3,561,000	142,917	10	307,673	418,643	109,970
52	Fertilizers .....	38	24	46,960,480	39,327,767	7,632,713	322,654	14	277,238	406,577	129,339
53	Gas, illuminating and heating .....	80	56	79,355,391	44,204,921	35,150,470	28,145,430	24	129,540	285,957	136,417
54	Oil and oil products .....	99	72	22,483,917	15,233,987	7,249,930	143,283	24	429,350	566,777	77,456
55	Paints and varnishes .....	147	99	10,561,444	6,960,836	3,590,608	78,748	43	429,350	566,777	77,456
56	Patent medicines .....	22	14	272,890,701	188,572,022	84,008,079	1,680,161	8	62,910	223,480	97,110
57	Pharmaceuticals .....	22	14	12,411,043	9,182,113	3,228,930	59,382	15	173,438	261,312	145,499
58	Soaps .....	528	339	147,068,064	84,686,918	62,314,166	1,227,558	189	3,143,180	4,031,499	1,008,319
	Total, chemicals and allied products .....	1,325	868	\$722,894,058	\$462,548,566	\$260,345,492	\$5,133,167	457	\$7,449,470	\$10,506,177	\$3,056,707
59	Stone, clay and glass products —	51	26	\$7,438,607	\$4,840,225	\$2,598,382	\$48,405	25	\$1,379,505	\$1,676,999	\$297,494
60	Stone .....	172	86	7,012,775	6,084,158	928,617	18,573	86	3,081,552	3,493,797	412,245
61	Cement .....	91	59	5,466,628	4,870,117	587,511	10,749	32	1,574,728	1,874,513	299,785
62	Brick and tile .....	21	19	4,546,317	3,746,271	800,046	15,872	9	313,843	41,283	13,992
63	Pottery, terra cotta, fire clay, etc. ....	22	13	756,280	683,476	92,814	1,850	6	655,278	394,697	80,814
64	All other .....	114	76	12,176,928	9,380,631	2,816,297	56,223	33	817,935	1,021,657	203,722
	Total, stone, clay and glass products .....	471	279	\$37,445,635	\$29,673,855	\$7,771,780	\$151,672	192	\$7,082,197	\$8,269,114	\$1,286,917
65	Metal and metal products other than iron and steel —	49	37	\$112,289,175	\$62,970,825	\$49,318,350	\$854,575	12	\$175,377	\$354,428	\$179,051
66	Metals .....	680	439	138,536,533	87,790,517	50,846,016	995,041	221	5,488,126	7,060,519	1,572,393
67	Automobiles, motorcycles and bicycles .....	182	92	32,158,138	21,493,092	10,665,046	202,635	70	1,793,688	2,596,463	802,775
68	Carriages and wagons .....	55	34	3,291,266	2,189,684	1,101,582	8,762	21	3,006,685	4,307,789	699,104

69	Car (steam railroad, street cars, etc.) ..	17	13	29,924,514	19,260,850	10,663,664	213,299	4	99,053	111,463	12,410
70	All other .....	16	2	5,974,094	4,897,280	70,804	21,538	14	86,394	276,913	190,519
	Total, metals and metal products other than iron and steel .....	979	637	\$322,283,710	\$199,252,068	\$123,031,652	\$2,295,838	342	\$11,251,323	\$14,707,575	\$3,456,252
71	Miscellaneous industries —	177	109	\$83,138,845	\$54,007,164	\$29,131,681	\$582,605	68	\$10,663,680	\$11,213,313	\$549,633
72	Tobacco .....	17	11	1,513,023	1,317,670	195,353	5,072	6	1,293,480	1,565,156	271,676
73	Agricultural implements .....	213	127	39,448,935	29,872,942	9,575,993	179,370	86	1,210,321	1,935,933	725,612
74	Musical instruments, pianos, organs, etc. ....	143	85	15,936,458	12,055,104	3,881,354	75,420	44	1,734,960	2,204,843	469,883
75	Rubber goods .....	109	65	37,252,090	21,837,128	15,414,962	301,000	58	1,997,020	2,392,868	395,848
76	Shoe and leather goods .....	88	68	8,902,039	5,706,160	3,195,879	58,694	40	1,487,568	1,817,382	329,814
77	Shoe and leather goods .....	35	21	17,325,518	8,329,779	9,000,000	173,515	14	1,687,729	1,317,071	234,342
78	Building construction .....	757	383	27,023,815	23,461,392	3,562,423	66,919	374	16,987,112	19,317,950	2,330,838
79	Construction: contracting (pavements, roads, tunnels, river and harbor dredging, etc.) .....	498	228	41,200,074	34,614,652	6,585,422	130,801	270	22,500,188	26,031,105	3,530,917
80	Engineering .....	222	118	14,197,307	11,305,568	2,891,739	57,394	104	4,712,547	5,925,253	1,212,706
81	All other .....	1,244	763	147,797,147	86,540,478	61,256,669	1,218,229	481	13,777,364	21,986,328	7,211,224
	Total, miscellaneous industries .....	3,503	1,978	\$433,734,711	\$289,439,420	\$144,295,291	\$2,851,699	1,535	\$76,028,147	\$93,641,787	\$17,613,640
	Grand total, manufacturing and mechanical industries .....	14,553	9,507	\$3,161,826,371	\$2,218,808,224	\$943,018,147	\$18,205,870	5,046	\$247,664,294	\$293,401,307	\$45,737,013
82	Public utilities:	364	301	\$272,853,572	\$207,105,150	\$65,748,422	\$1,312,559	93	\$3,583,748	\$4,581,256	\$997,508
83	Electric and gas lighting and power .....	198	133	931,183,447	760,074,915	171,108,532	3,335,233	65	42,109,514	46,245,182	4,135,668
84	Railroads .....	138	81	113,159,747	70,331,145	42,828,602	404,037	57	17,005,641	19,239,029	2,233,388
85	Railways, electric, city and suburban ..	296	245	68,838,458	39,126,446	29,712,012	3,445,683	71	13,634,477	16,329,634	2,695,157
86	Steamship transportation companies ..	213	123	8,259,332	6,265,356	1,993,976	155,374	9	1,753,700	2,817,797	1,064,097
87	Waterworks .....	41	32	168,992,974	100,196,534	68,796,440	1,376,980	89	2,394,931	3,151,181	756,250
88	Express companies .....	370	281	210,841,605	141,992,602	68,849,003	1,376,980	368	13,127,222	14,556,896	1,429,674
89	Telephone, telegraph and radio companies .....	981	618	80,040,609	66,219,943	13,820,666	320,462	708	\$93,781,981	\$107,118,766	\$13,336,785
	All other .....	2,533	1,535	\$2,324,684,911	\$1,769,760,017	\$554,924,894	\$10,413,954	1,511	\$247,664,294	\$293,401,307	\$45,737,013
	Total, public utilities .....	5,155	4,000	\$2,324,684,911	\$1,769,760,017	\$554,924,894	\$10,413,954	1,511	\$247,664,294	\$293,401,307	\$45,737,013
90	Banks and insurance companies:	515	400	\$140,763,658	\$87,015,425	\$53,748,233	\$1,073,895	25	\$555,569	\$652,433	\$96,871
91	National banks .....	241	221	34,998,331	25,074,997	9,923,334	183,358	20	\$31,756	\$36,400	\$4,644
92	State banks and State banks .....	144	135	118,069,706	85,936,723	32,132,983	641,498	9	737,873	1,126,592	388,719
	Trust companies .....	900	846	\$293,862,195	\$198,927,145	\$94,935,050	\$1,897,729	54	\$1,807,194	\$2,705,425	\$898,231
	Total, banks .....	1,559	1,271	\$293,862,195	\$198,927,145	\$94,935,050	\$1,897,729	88	\$2,141,144	\$2,974,250	\$833,106

TABLE III — (Continued)

Classification No.	INDUSTRIES	CORPORATIONS SHOWING NET INCOME					CORPORATIONS SHOWING NO NET INCOME				
		Total number of corporations reporting	Number of corporations	Gross income	Total deductions	Net income	Normal tax	Number of corporations	Gross income	Total deductions	Deficit
93	Insurance companies—	35	29	\$434,088,661	\$417,411,492	\$16,677,169	\$333,213	6	\$894,182	\$680,450	\$86,268
94	Life.....	134	115	220,337,986	199,219,484	31,118,522	630,518	19	17,662,974	18,225,434	592,460
95	Fire and marine (stock).....	70	70	220,337,986	199,219,484	31,118,522	630,518	19	17,662,974	18,225,434	592,460
96	Casualty.....	62	52	46,465,243	39,456,545	7,008,698	140,765	10	8,753,931	9,221,929	467,998
97	Fire and marine (mutual).....	8	8	10,135,009	8,120,835	2,014,174	40,285	1	10,723	13,158	2,435
98	All other.....	3	2	56,880	53,210	3,670	40,285	1	10,723	13,158	2,435
	Total, insurance companies.....	312	276	\$711,558,043	\$654,453,922	\$57,104,121	\$1,149,901	36	\$27,021,810	\$28,150,971	\$1,129,161
	Grand total, banks and insurance companies.....	1,212	1,122	\$1,005,420,238	\$853,081,067	\$152,339,171	\$3,047,630	90	\$28,829,004	\$30,856,396	\$2,027,392
99	Merchandising companies:										
100	Department stores.....	85	71	\$39,088,567	\$32,377,146	\$6,711,421	\$120,180	14	\$5,611,165	\$9,160,667	\$3,549,502
101	Wholesale jobbers.....	1,420	1,235	164,986,874	113,401,988	51,584,886	1,007,723	306	11,840,511	15,274,137	3,433,626
102	Real estate.....	1,640	1,260	24,538,625	16,857,979	7,680,646	109,214	940	21,345,951	28,174,278	6,828,327
103	Amusement companies.....	586	546	44,742,009	37,670,946	7,071,063	120,327	40	25,029,555	28,174,278	3,144,723
	Hotels and restaurants.....	423	413	74,744,077	66,525,941	7,918,136	155,596	10	14,213,015	15,124,700	911,681
	Total, merchandising companies.....	4,266	2,953	\$345,506,512	\$267,136,850	\$78,369,662	\$1,513,449	1,313	\$71,903,935	\$89,652,733	\$17,748,798
104	All other corporations of every description not elsewhere provided for.....	30,829	11,934	\$1,004,938,927	\$658,985,063	\$345,953,864	\$6,837,775	8,905	\$197,551,082	\$247,657,794	\$50,106,642
105	Corporations—inactive.....	21,003	11,934	\$1,004,938,927	\$658,985,063	\$345,953,864	\$6,837,775	174	\$6,313	437,228	340,915
	Total, miscellaneous companies.....	21,003	11,934	\$1,004,938,927	\$658,985,063	\$345,953,864	\$6,837,775	9,069	\$197,647,395	\$248,094,952	\$50,447,557
	Grand total for the State of New York.....	44,632	27,777	\$8,300,137,071	\$6,025,476,249	\$2,274,660,822	\$44,464,771	16,855	\$602,271,248	\$801,492,479	\$139,221,231

TABLE IV  
DISTRIBUTION OF CORPORATE INCOMES BY INDUSTRIES, NEW YORK STATE, 1917  
*Corporations Showing Net Income*

INDUSTRIAL GROUP	Total number of corporations	Number reporting net income	Percentage of total number of corporations in each industrial group	Total gross income	Total deductions	Total net income	Income tax	War excess profits tax	Total tax	Percentage of total tax
Agriculture and related industries.....	431	221	51.28	\$33,048,558	\$33,743,702	\$9,304,856	\$439,243	\$1,450,485	\$1,889,728	8.96
Mining and quarrying.....	608	285	46.88	577,131,391	417,995,918	159,135,473	7,682,433	23,400,351	31,082,784	13.88
Manufacturing.....	13,536	9,878	72.95	8,372,842,302	7,437,928,065	934,914,237	44,141,671	165,572,221	209,713,892	15.80
Construction.....	2,380	1,428	60.29	325,956,278	288,790,701	37,165,577	1,600,471	8,916,710	10,517,181	33.88
Transportation and other public utilities.....	3,038	2,260	74.39	2,265,793,642	1,845,141,433	420,652,209	20,613,805	63,696,485	84,310,290	23.42
Trade.....	1,714	1,068	62.31	2,163,583,847	1,801,677,039	361,906,808	16,073,834	2,116,771	2,278,545	23.42
Personal service.....	7,114	2,090	29.52	37,598,347	30,677,039	6,921,308	15,145,185	15,301,524	30,447,009	30.68
Finance.....	7,560	4,473	59.03	1,909,729,295	1,620,451,560	289,277,735	15,145,185	15,301,524	30,447,009	30.68

TABLE IV — (Continued)  
*Corporations Showing No Net Income*

INDUSTRIAL GROUP	Number reporting no net income	Percentage of total number of corporations in each industrial group	Total gross income	Total deductions	Deficit
Agriculture and related industries.....	210	48.72	\$16,146,902	\$17,690,860	\$1,543,958
Mining and quarrying.....	323	53.12	\$3,239,763	\$4,074,776	\$835,013
Manufacturing.....	3,708	27.35	\$27,339,834	\$33,727,574	\$6,387,740
Construction.....	902	38.71	\$9,439,484	\$12,122,459	\$2,683,005
Transportation and other public utilities.....	778	25.61	\$1,100,688	\$58,948,176	\$57,847,488
Trade.....	3,155	26.74	\$388,793,614	\$419,021,993	\$20,228,379
Personal service.....	1,094	35.13	\$2,065,208	\$105,187,451	\$103,122,243
Finance.....	3,117	41.07	\$119,471,460	\$147,851,893	\$28,380,433



TABLE V-A  
DISTRIBUTION OF CORPORATE INCOMES BY INDUSTRIES FOR THE STATE OF NEW YORK  
Income returned for the calendar year ending December 31, 1918. Table compiled by the Statistical Division, Income Tax Unit, Bureau of Internal Revenue

Serial No.	Code No.	INDUSTRIES	CORPORATIONS REPORTING NET INCOME					CORPORATIONS REPORTING NO NET INCOME				
			Total number of corporations	Number	Net income	Income tax	War-profits and excess-profit tax	Total tax	Gross income	Number	Deficit	Gross income
DIVISION A — AGRICULTURE AND RELATED INDUSTRIES												
I. Farming:												
1	1	Cotton farming	2							2	\$7,444	\$1,092
2	2	Grain farming	43	22	\$1,393,946	\$129,631	\$264,644	\$394,275	\$7,039,180	21	50,759	349,005
3	3	Fruit farming	12	8	43,448	5,344,499	1,072	4,021	1,401,578	4	21,238	93,937
4	4	Stock farming	238	109	3,324,602	248,352	1,298,834	1,547,186	18,662,225	129	936,050	2,663,345
5	5	All other farming	295	139	\$4,751,996	\$382,004	\$1,553,478	\$1,945,482	\$27,102,983	156	\$1,015,491	\$3,022,265
Total												
II. Related industries:												
6	6	Logging	13	1	\$2,343	\$41		\$41	\$39,582	12	\$281,665	\$1,088,335
7	7	Fishing	16	7	135,384	12,311	\$17,082	29,843	780,461	9	554,271	193,987
8	8	Ice harvesting	17	12	27,409	1,072		1,072	401,152	5	166,540	138,171
9	9	All other related industries	7	1	1,872				38,527	6	12,496	67,384
Total												
10	10	Agriculture, n. p. d., or combinations of I and II	53	21	\$166,988	\$14,474	\$17,082	\$31,556	\$1,260,722	32	\$1,014,972	\$1,485,877
Grand total, Division A												
DIVISION B — MINING AND QUARRYING												
I. Mining:												
11	11	Coal mining	80	51	\$8,996,498	\$602,608	\$3,314,320	\$3,976,928	\$54,820,934	29	\$307,675	\$2,040,130
12	12	Iron	15	10	788,055	65,935	27,317	93,222	7,367,151	5	98,654	907,051
13	13	Copper	38	16	47,279,721	1,857,819	1,857,819	7,202,318	224,513,741	22	1,183,974	32,187,974
14	14	Lead and zinc	11	6	29,946,960	2,805,843	6,276,580	9,082,423	215,965,245	5	339,079	877,889
15	15	Gold, silver and precious metals	39	12	1,182,133	120,852	52,753	182,048	7,899,430	27	2,346,059	8,079,852
16	16	All other mining	63	21	7,423,666	522,796	2,823,550	3,346,101	129,898,831	42	2,009,257	17,581,519

TABLE V-A — (Continued)

Serial No.	Code No.	INDUSTRIES	Total number of corporations	CORPORATIONS REPORTING NET INCOME				CORPORATIONS REPORTING NO NET INCOME				
				Num-ber	Net income	Income tax	Wet-profits and excess-profits tax	Total tax	Gross income	Num-ber	Deficit	Gross income
II. Textile and textile products:												
44	46	Cotton goods, etc.	188	161	\$27,337,181	\$2,134,706	\$8,487,259	\$10,621,965	\$311,411,120	27	\$152,415	\$5,079,123
45	47	Woolen and worsted goods, etc.	43	40	4,256,456	298,922	1,992,353	3,958,331	36,496,658	3	66,938	1,738,477
46	48	Silk goods, etc.	127	118	13,138,449	1,165,928	3,592,922	4,757,098	231,888,013	9	55,091	924,137
47	49	Felt goods and products, except hats	11	10	951,237	86,308	211,298	297,506	10,222,681	1	3,200	97,703
48	50	Flax goods, etc.	13	10	406,218	30,396	133,088	174,384	128,942,707	3	45,528	181,350
49	52	Linens and flax, etc.	217	176	10,374,044	757,538	3,684,395	4,441,933	126,962,767	41	264,711	2,137,960
		All other textile and textile products	599	515	\$56,463,585	\$4,473,298	\$17,807,941	\$22,281,239	\$720,978,043	84	\$588,481	\$10,228,750
		Total										
Textile products, other than clothing:												
50	53	Carpets, rugs, matting, etc.	23	19	\$8,107,333	\$733,122	\$1,876,634	\$2,599,756	\$56,541,264	4	\$34,978	\$185,055
51	54	Cordage and twine.	9	8	1,255,270	108,603	306,346	414,949	19,234,762	1	31,262	356,844
52	55	Artificial leather, oilcloth, lin-	5	4	501,127	38,539	174,971	213,510	4,684,600	1	33,020	439,107
53	58	oleum, etc.	132	106	3,095,742	249,549	841,017	1,090,566	70,660,995	26	190,022	3,816,552
		All other textile products other than clothing	169	137	\$12,962,472	\$1,119,813	\$3,198,968	\$4,318,781	\$151,121,621	32	\$289,282	\$4,797,558
		Total										
Clothing:												
54	59	Custom-made clothing, etc.	160	102	\$1,205,975	\$92,316	\$308,208	\$400,524	\$20,872,910	58	\$225,541	\$2,564,678
55	60	Men's clothing, suits, over-	110	93	3,203,011	282,132	677,998	950,120	65,423,456	17	168,453	7,821,785
56	61	coats, etc.	582	455	4,228,735	264,797	733,232	998,029	133,135,832	127	576,346	19,734,064
57	62	Hats and caps, etc.	240	177	1,733,087	148,674	222,215	370,889	47,847,404	63	341,486	6,566,433
58	63	Corsets	29	21	583,780	63,740	127,111	290,841	7,474,270	8	65,036	1,338,683
59	64	Shirts, collars, cuffs	83	66	5,601,965	528,578	1,013,177	1,842,295	64,535,059	17	33,131	1,121,319
60	65	Hosiery and all knit goods	193	166	15,774,230	811,503	7,417,555	8,632,717	171,498,031	27	300,994	3,465,951
61	66	All other clothing	457	350	10,038,734	612,644	3,003,163	3,615,807	181,425,710	107	505,555	14,435,944
		Total of textile and tex-	2,652	2,112	\$112,023,785	\$8,397,465	\$35,035,757	\$43,431,242	\$1,584,312,336	510	\$3,094,452	\$71,102,107
		tile products										
III. Leather and leather products:												
62	67	Boots, shoes, cut stock and findings	114	93	\$24,027,700	\$2,545,481	\$2,450,599	\$4,996,080	\$299,793,308	21	\$122,224	\$2,782,084
63	68	Gloves	35	25	205,436	15,018	37,147	32,165	3,782,116	10	35,188	1,051,974

64	69	Saddlery and harness	11	11	359,502	33,290	42,457	75,817	3,408,218	4	26,073	963,244
65	70	Trunks and valises	23	19	157,770	11,434	30,228	41,662	2,630,711	4	26,073	963,244
66	73	All other leather and leather products	128	104	9,269,432	678,576	3,379,646	4,085,222	94,241,717	24	275,515	4,220,290
		Total	311	252	\$34,019,840	\$3,383,769	\$5,940,177	\$9,223,946	\$373,856,070	59	\$459,000	\$9,017,598
67	74	IV. Rubber and rubber goods: also cel-	8	7	\$486,051	\$49,087	\$51,494	\$100,551	\$7,612,061	1	\$874	\$6,544
68	75	lul, ivory, shell and bone:	9	5	3,356,817	247,074	1,646,401	1,993,975	23,772,458	4	268,843	1,335,968
69	76	Boots, shoes and garments	16	11	572,473	63,034	14,230	17,264	7,781,238	5	31,894	345,205
70	79	Belting, hose and tires	68	50	23,057,990	2,412,625	2,668,449	4,981,074	245,885,772	18	64,408	435,052
		Celuloid, ivory, shell and bone										
		All other rubber goods	101	73	\$27,473,271	\$2,771,820	\$4,281,074	\$7,082,894	\$285,051,529	28	\$86,019	\$2,125,067
		Total										
71	80	V. Lumber and wood products:	84	62	\$2,126,703	\$193,451	\$382,749	\$586,200	\$25,737,444	22	\$242,185	\$2,530,948
72	82	Saw and planing mill products, etc.	266	178	2,507,148	215,368	428,171	643,559	33,883,614	88	616,719	8,184,986
73	83	Furniture, all classes	49	37	809,405	37,294	89,710	126,944	5,041,109	12	83,336	789,008
74	86	Auto, carriage and wagon bodies and parts, etc.	284	186	9,487,999	676,600	3,417,555	4,093,965	77,348,208	69	447,936	4,834,537
		All other lumber and wood products	603	472	\$14,681,254	\$1,122,633	\$4,327,985	\$5,450,638	\$144,010,375	191	\$1,390,176	\$10,340,039
		Total										
75	89	VI. Paper, pulp and products:	427	347	\$21,277,058	\$2,033,005	\$3,594,408	\$5,029,913	\$258,383,677	80	\$1,176,850	\$19,135,177
		All paper, pulp, paper products, etc.	427	347	\$21,277,058	\$2,033,005	\$3,594,408	\$5,029,913	\$258,383,677	80	\$1,176,850	\$19,135,177
		Total										
76	90	VII. Printing and publishing:	1,245	811	\$15,956,028	\$1,469,400	\$2,386,497	\$3,855,897	\$399,989,092	434	\$3,808,233	\$41,723,723
77	92	General printing and publishing, etc.	259	186	3,200,518	295,527	436,294	731,821	46,983,562	73	437,104	7,460,234
		Special processes and tributary industries, etc.	1,504	997	\$19,156,546	\$1,764,927	\$2,822,791	\$4,587,718	\$336,982,654	607	\$4,245,337	\$49,185,957
		Total										
78	93	VIII. Chemicals and allied substances:	362	260	\$41,447,244	\$2,387,161	\$6,615,603	\$10,502,764	\$279,380,156	102	\$1,191,030	\$21,060,576
79	94	Chemicals proper, acids and other compounds, etc.	80	53	2,838,750	269,169	503,411	772,580	31,876,917	27	64,902	1,431,866
80	95	Paints and varnishes, etc.	51	38	2,753,130	228,088	817,332	1,045,370	54,627,679	13	605,134	9,288,195
81	96	Oils, vegetable and animal, etc.	33	18	11,246,776	1,200,831	1,295,448	2,498,376	117,742,762	15	382,316	3,794,311
82	97	Petroleum and mineral oil refining	38	21	899,964	70,735	270,094	360,923	17,606,992	17	118,006	1,746,538
83	98	Soap, etc.	11	5	7,896,207	821,022	1,015,937	1,836,689	89,580,770	6	38,819	163,373
84	101	Fertilizers	415	271	31,066,524	2,622,688	6,836,180	9,458,868	345,570,856	144	2,601,825	\$4,815,788
		All other chemicals and allied sub-										
		stances										
		Total	960	666	\$96,249,595	\$8,099,644	\$27,283,765	\$33,383,459	\$934,321,832	324	\$5,065,058	\$92,300,947



TABLE V-A — (Continued)

Serial No.	Code No.	INDUSTRIES	Total number of corporations	CORPORATIONS REPORTING NET INCOME				CORPORATIONS REPORTING NET INCOME				
				Number	Net income	Income tax	War-profits and excess-profits tax	Total tax	Gross income	Number	Deficit	Gross income
85	102	IV. Stone, clay and glass products:										
		Stone:										
		Cut building stone, crushed stone, etc.	153	\$7,154,469	\$672,042	\$1,390,476	\$2,062,518	\$88,700,830	70	\$630,930	\$4,326,145	
86	103	Clay and earth products:										
		Brick, tile, terra cotta, fire brick, etc.	109	59	1,169,084	92,882	283,045	375,927	13,842,498	50	598,193	3,933,502
87	104	Glass and glass products:										
		Glass manufacture, plate or window glass, etc.	97	60	3,386,666	262,185	1,106,864	1,369,049	28,723,371	37	262,300	1,694,268
88	105	Combinations of stone, clay and glass manufacture.										
		Total.	359	202	\$11,710,219	\$1,027,109	\$2,780,385	\$3,807,494	\$111,266,699	157	\$1,491,423	\$6,953,915
		X. Metal manufacture:										
		Metal products of iron and steel, or iron and steel and other metals:										
89	106	Smelting from the ore, crude or refined metal production, etc.	28	22	\$7,276,284	\$413,593	\$3,726,799	\$4,140,392	\$104,436,692	6	\$126,473	\$11,833,427
90	107	General or stock products of forms made in foundries or rolling mills, etc.	293	240	57,871,445	4,026,396	23,776,703	27,803,099	663,777,628	53	520,425	6,116,303
91	114	Further and more specialized manufacture, heavy and light machinery, etc.	1,233	901	676,259,013	34,967,438	284,025,634	318,993,072	1,356,096,440	322	3,611,002	33,587,799
92	115	All other metal products.	462	339	18,355,372	1,267,343	6,826,366	8,093,709	152,356,092	123	1,257,806	7,307,083
93	116	Metal products of other metals:										
		Base metals, smelting and refining, etc.	87	50	5,400,666	335,950	2,150,514	2,486,464	85,006,816	37	1,193,125	22,645,843
94	118	Precious metals, smelting, refining, etc.	107	75	1,674,842	153,447	256,824	410,271	80,656,880	32	152,489	2,229,342
		Total.	2,210	1,627	\$666,817,622	\$41,164,167	\$230,762,840	\$261,927,007	\$2,422,330,548	563	\$6,860,320	\$83,699,797
		XI. All other manufacturing concerns:										
		All other manufacturing, n. p. d., etc.	1,790	1,297	\$92,615,723	\$7,630,101	\$25,915,424	\$33,545,526	\$291,300,536	522	\$5,011,806	\$17,286,865
95	120	Grand total, Division C.	12,392	9,037	\$1,224,653,210	\$88,542,166	\$463,280,283	\$551,322,449	\$8,581,794,411	3,365	\$54,928,472	\$466,738,443

96	123	Division D — Construction										
		Excavation and construction under or upon the ground (not buildings), etc.	117	65	\$436,905	\$24,184	\$164,819	\$189,003	\$5,741,270	52	\$664,151	\$5,054,926
97	124	Jetty, dam, dry-dock, wharf, bulkhead, etc.	33	20	2,618,827	202,336	883,814	1,096,350	27,159,622	13	165,789	2,108,530
98	125	Railroad construction, pure or combined.	13	9	78,113	4,616	1,653	9,289	817,405	4	151,259	938,940
99	126	Shipbuilding, pure or combined.	70	46	28,417,837	1,290,498	16,239,913	17,530,321	436,633,228	24	447,742	6,957,234
100	127	Buildings and structures above ground, etc.	834	613	4,291,961	304,722	1,024,574	1,329,296	63,233,664	321	1,458,066	47,780,176
101	130	Equipment and structures below ground, etc.										
		414	311	2,081,680	137,146	393,114	530,290	36,493,876	103	349,526	3,865,340	
102	131	Wrecking, raising or moving (not marine).	17	11	83,912	4,876	37,972	42,848	2,814,394	6	9,448	165,370
103	132	All other construction and contractors, n. p. d.	397	255	5,896,515	461,384	1,649,824	2,111,208	99,257,232	142	2,084,642	40,634,348
		1,865	1,230	\$40,865,750	\$2,432,872	\$20,415,683	\$22,546,555	\$672,150,691	665	\$5,331,255	\$107,534,864	
104	133	I. Rail transportation:										
105	134	Steam railroads.	61	41	\$79,683,992	\$8,535,725	\$1,094,897	\$9,570,342	\$226,546,490	20	\$2,505,233	\$1,395,540
106	136	Electric and trolley roads.	48	15	15,415,113	1,646,360	826,981	2,473,344	72,275,811	33	1,768,558	14,108,465
		74	45	16,984,567	1,606,413	40,875	2,733,394	90,114,259	29	1,197,080	34,416,617	
		183	101	\$106,083,662	\$12,389,248	\$1,913,993	\$14,303,241	\$388,936,720	82	\$4,930,678	\$49,920,367	
107	137	II. Water transportation:										
108	138	Ocean lines transoceanic and coastal	52	40	\$29,368,437	\$1,594,020	\$15,442,420	\$17,036,440	\$63,006,726	12	\$531,237	\$3,353,292
109	139	Great Lakes, inland, bay and river lines.	33	22	2,436,998	183,600	1,075,724	1,215,344	8,525,743	11	144,352	750,285
110	141	Marine salvage and wrecking.	6	6	132,871	10,631	40,875	50,904	1,395,651	1	201	12,313
		336	232	35,264,337	2,469,784	13,755,630	16,225,414	114,072,434	104	2,222,023	7,522,254	
		427	299	\$57,015,643	\$4,210,425	\$30,314,577	\$34,525,102	\$216,996,554	128	\$2,897,813	\$11,638,144	
111	142	Carriage and storage or warehouse										
112	143	Cab, livery, taxicab, jitney bus	555	391	\$3,964,799	\$317,462	\$794,575	\$1,032,037	\$36,306,415	164	\$15,914,443	\$79,612,419
113	145	Special food storage and packers for transportation, etc.	172	104	641,910	58,306	24,495	82,801	8,811,071	66	1,673,786	2,084,767
114	146	All other local transportation, n. p. d.	533	371	2,050,007	152,346	278,176	401,522	28,125,377	162	451,524	5,989,527
		1,405	975	\$7,408,715	\$588,159	\$1,169,651	\$1,757,720	\$79,506,731	430	\$18,179,951	\$89,046,912	



TABLE V-A — (Concluded)

Serial Code No.	INDUSTRIES	Total number of corporations	CORPORATIONS REPORTING NET INCOME					CORPORATIONS REPORTING NO INCOME		
			Net income	Income tax	Was profit and profits tax	Total tax	Gross income	Number	Deficit	Gross income
146 187	II. Insurance companies, not agents: Life insurance, stock, and mutual companies	29	\$3,390,557	\$308,942	\$156	\$309,108	\$194,781,110	17	\$18,585,889	\$945,187,880
147 188	Accident, stock companies only	7	767,194	66,638	62,603	140,541	3,297,397	3	24,203	1,427,006
148 189	Fire insurance companies only	71	8,459,926	961,491	438,709	1,390,300	6,297,387	3	924,283	11,003,232
149 190	Marine, stock companies only	52	790,313	97,546	111,763	200,300	3,891,817	19	1,087,219	5,781,567
150 191	Accident, fire, and marine, mutual	22	6,071,760	630,422	489,457	1,119,879	66,163,736	11	606,163	8,432,910
151 192	Fidelity and bonding	38	2,127,110	224,108	99,966	324,066	25,895,454	11	606,163	8,432,910
152 193	All other insurance companies, n. p. d., and combinations	5	4,952,894	585,787	342,357	928,144	64,165,259	33	2,328,519	43,232,847
153 194	Total	239	\$26,549,774	\$2,895,329	\$1,535,021	\$4,430,350	\$339,962,412	96	\$22,555,376	\$315,035,452
	All other finance, n. p. d., and combinations of I and II, etc.	144	\$10,980,688	\$1,152,240	\$558,826	\$1,741,066	\$944,612,416	148	\$4,117,661	\$17,360,827
	Grand total, Division H	350	\$161,563,671	\$13,038,051	\$14,530,130	\$27,568,181	\$1,864,664,407	4,109	\$49,846,354	\$447,787,019
154 195	DIVISION I.— ALL OTHERS All other active concerns whose business can not be identified with any main division; also combinations of main divisions when the main business is not given.	9,530	\$61,013,352	\$4,598,634	\$21,321,745	\$25,920,379	\$338,576,655	6,942	\$12,947,458	\$46,106,391
155 199	Inactive concerns	1,301	\$61,013,352	\$4,598,634	\$21,321,745	\$25,920,379	\$338,576,655	6,942	\$12,947,458	\$46,106,391
	Total	6,391	\$5,008				\$38,444	6,380	\$407,120	\$556,083
	Grand total, Division I	7,692	\$61,018,360	\$4,598,634	\$21,321,745	\$25,920,379	\$338,576,655	6,942	\$12,947,458	\$46,106,391
	Grand total	47,535	\$27,700	\$2,153,317	\$770	\$171,738,980	\$635,517,519	\$807,303,499	\$109,754,770	\$1,751,135,496

TABLE V-B  
DISTRIBUTION OF CORPORATE INCOME BY INDUSTRIAL GROUPS AND BY NATURE OF DEDUCTIONS, NEW YORK STATE  
Corporation income and profits tax returns for the calendar year ending December 31, 1918. Table compiled by the Statistical Division, Income Tax Unit, Bureau of Internal Revenue

INDUSTRIAL GROUPS	Number of returns	Total gross income	Cost of goods	Compensation of officers	Interest paid	Domestic tax
Agriculture and related industries	358	\$32,971,420	\$16,204,115	\$1,187,969	\$1,111,012	\$211,518
Mining and quarrying	572	933,903,867	479,472,830	5,128,220	17,416,184	13,338,403
Manufacturing	1,385	1,706,620,509	1,238,214,549	20,158,112	21,608,091	28,184,928
Food, drink, and liquors	2,652	1,655,414,443	1,301,169,025	43,972,380	13,121,287	2,745,267
Textiles and textile products	311	382,873,668	306,831,641	9,067,692	6,458,773	2,113,738
Leather and leather products	101	287,177,196	196,044,133	2,713,289	6,402,782	1,370,491
Rubber and rubber goods	663	160,350,434	114,543,103	5,490,808	2,126,919	1,023,118
Lumber and wood products	427	277,498,854	204,106,071	5,767,446	4,284,141	1,836,755
Paper, pulp, and printing	1,804	386,136,611	182,315,102	13,691,103	3,460,831	1,982,354
Printing and publishing	350	1,124,922,614	79,338,337	2,183,504	15,614,263	6,150,513
Chemicals and allied substances	350	1,124,922,614	79,338,337	2,183,504	15,614,263	6,150,513
Stoneware and glass products	2,210	2,506,030,345	1,263,936,394	35,273,789	45,882,390	23,795,077
Metal and metal products	1,700	538,587,401	287,459,103	20,069,905	7,245,652	3,678,607
All other manufacturing industries	12,392	9,048,532,854	5,924,652,128	182,841,399	126,997,193	72,205,061
Construction	1,895	779,685,555	554,131,853	15,712,532	5,476,535	2,062,237
Transportation and other public utilities *	2,738	1,359,172,767	103,529,898	12,023,783	155,119,497	37,297,305
Trade, services, professional, amusements, hotels, etc.	2,706	3,330,136,072	2,455,945,428	106,699,934	35,942,418	11,112,739
Finance, banking, insurance, etc.	9,530	2,312,451,426	972,673,748	34,741,507	5,305,496	6,994,169
Combinations, predominant industry not ascertainable	1,301	584,088,519	403,050,966	11,362,871	8,767,154	5,153,409
Inactive concerns	6,391	\$594,527	409,566	43,924	52,536	25,341
Total	47,535	\$18,696,954,823	\$11,031,849,238	\$444,961,115	\$557,689,501	\$203,833,545

\* In the transportation and public utility group, the figures for gross income and general deductions are incomplete. For the United States as a whole these figures are approximately \$1,000,000,000. This is due to the returns of railroads and other utility corporations, to a great extent, reporting on the face of the return merely the amount of the deduction for depreciation, and to the fact that the returns for the purpose of compiling the gross income and general deductions was inexpedient, due to the cost and the additional time that it would have required.

TABLE V-B — (Concluded)

INDUSTRIAL GROUPS	Exhaustion, amortization, depletion	Miscellaneous expense	Total deductions	Net income before deducting tax	Income tax, war- profits and excess- profits tax	Net income after deducting tax
Agriculture and related industries.....	\$900,457	\$10,500,599	\$30,115,670	\$2,855,750	\$1,978,349	\$877,401
Mining and quarrying.....	118,719,849	173,900,031	807,975,517	125,928,350	35,071,875	90,856,475
Manufacturing:						
Food products, liquors and tobacco.....	34,510,830	248,080,933	1,585,757,243	120,863,266	41,782,633	79,080,633
Textiles and textile products.....	17,749,206	192,027,945	1,546,485,110	108,929,333	43,431,244	65,498,091
Rubber and leather products.....	1,932,488	169,064,460	349,312,828	33,560,840	9,223,946	24,336,894
Chemical and allied products.....	6,254,083	47,285,460	1,070,039,944	27,107,253	7,052,894	20,054,359
Lumber and rubber goods.....	3,189,568	20,685,738	147,030,646	13,291,078	5,450,638	7,840,440
Paper, pulp, and printing products.....	9,371,300	31,874,933	257,400,646	14,098,208	5,629,913	14,468,295
Printing and publishing.....	6,267,392	163,908,320	371,225,402	93,183,837	4,987,718	10,323,491
Chemicals and allied substances.....	3,376,165	131,026,922	933,439,242	111,001,818	3,807,439	57,800,098
Stone, clay, and glass products.....	154,806,085	303,773,849	1,846,073,043	659,957,302	361,927,007	298,030,295
Alcohol and manufacturing industries.....	21,625,551	100,884,693	7,859,863,454	87,603,917	33,545,525	54,058,392
Total manufacturing.....	295,590,072	1,286,552,263	7,859,863,454	1,189,724,738	551,822,449	637,902,289
Construction.....	17,774,704	148,943,199	7,859,863,454	289,584,495	22,848,555	12,685,940
Transportation and other public utilities.....	33,189,887	640,116,270	1,076,273,640	176,782,321	69,631,423	213,207,704
Trade.....	33,018,419	511,213,813	3,153,933,751	304,785,816	68,970,628	107,811,693
Public service, professional, amusements, hotels, etc.....	9,239,638	152,109,919	304,785,816	10,052,000	3,494,660	6,557,340
Combinations, predominant industry not ascertainable.....	30,969,635	904,606,322	2,200,736,109	111,715,317	27,568,181	84,147,136
Inactive concerns.....	24,509,994	82,681,081	535,525,505	48,563,014	25,920,379	22,642,635
Total.....	\$594,431,869	\$3,890,626,555	\$16,713,391,923	\$1,983,563,000	\$807,306,499	\$1,176,256,501

\* Deficit.

† Includes transportation and public utility group, the figures for gross income and general deductions are incomplete. For the United States as a whole these figures lack approximately \$5,000,000,000. This is due to the returns of railroads and general utility corporations, to a great extent, reporting on the face of the return merely the amount of net income or deficit. To have inspected the numerous supporting schedules of these returns for the purpose of compiling the gross income and general deductions was inexpedient, due to the cost and the additional time that it would have required.

TABLE V-C  
DIVISION OF GROSS INCOME ACCORDING TO NATURE OF DEDUCTIONS  
TRANSPORTATION AND OTHER PUBLIC UTILITIES AND FINANCIAL INSTITUTIONS IN NEW YORK STATE  
Corporation income and profits tax returns for the calendar year ended December 31, 1918. Table compiled by the Statistical Division, Income Tax Unit, Bureau of Internal Revenue

INDUSTRIAL GROUPS	Number of returns	Total gross income	Cost of goods	Compensation of officers	Interest paid	Domestic tax
Transportation and other public utilities:						
Steam Railroads.....	61	\$227,942,030	\$17,316,307	\$503,143	\$51,868,197	\$1,837,150
Electric Railways.....	48	86,384,181	8,146,486	925,224	6,227,801	3,061,861
Electric Light & Power Cos.....	164	50,178,083	6,921,631	661,972	8,701,520	2,073,574
Gas Companies.....	217	106,516,443	2,440,768	386,642	12,571,301	1,460,092
Telephone & Telegraph Cos.....	163	10,397,604	4,210,211	332,241	2,131,435	1,898,197
Water Companies.....	74	124,530,876	817,291	743,605	3,587,972	1,889,088
Other Railroads.....	427	228,636,698	15,411,396	6,274,871	23,036,274	5,240,993
Water Transportation.....	1,405	168,553,643	27,301,970	5,698,091	5,009,869	524,312
Local Transportation — Carriage, Storage, etc.....	138	195,926,655	25,779,679	1,976,972	2,455,264	2,511,928
All other Public Utilities, including Express Cos.....	2,738	\$1,359,172,767	\$108,529,898	\$17,752,415	\$155,119,497	12,052,240
Total transportation and other public utilities *.....						\$37,297,305
Banks and trust companies:						
Banks, general, not properly defined or private bankers	208	\$58,474,623	\$2,048,171	\$3,089,139	\$15,217,942	\$969,504
National Banks.....	470	155,298,051	191,347	6,551,547	52,463,461	1,478,429
State Banks.....	62	9,560,549	10,902	520,415	2,853,892	3,447,885
Trust Companies.....	201	120,069,720	.....	5,180,693	58,806,071	.....
Related Companies, including Stock & Bond Brokers, Real Estate, Insurance, etc.....	8,000	332,078,376	54,041,109	11,594,809	66,674,526	32,303,882
Loan and Insurance Agents, Holdins, and Leasing, Realty, etc.....	8,941	\$675,451,319	\$56,291,529	\$26,936,603	\$191,205,902	\$38,748,368
Total banks and trust companies.....						

\* See note, Table V-B.



TABLE V-C — (Concluded)

INDUSTRIAL GROUPS	Exhaustion, amortization, depletion	Miscellaneous expense	Total deductions	Net income before deducting tax	Income tax, war-profits, and excess-profits tax	Net income after deducting tax
Transportation and other public utilities:						
Steam railroads.....	\$5,072,002	\$31,066,502	\$157,763,301	\$70,178,729	\$9,570,342	\$60,608,387
Electric railroads.....	5,183,930	47,692,121	71,237,423	15,146,738	2,000,505	13,146,233
Electric light & power.....	2,219,312	27,080,398	47,445,907	2,732,176	883,679	1,848,497
Gas companies.....	2,219,312	71,295,447	94,091,051	12,425,393	1,469,960	10,955,434
Telephone & telegraph cos.....	6,169,589	77,433,057	92,433,057	67,873,496	9,285,612	58,587,884
Water works.....	3,434,704	3,434,704	6,869,408	15,857,662	119,306	15,738,356
Other railroads.....	468,601	67,610,899	108,703,370	15,857,662	119,306	15,738,356
Water transportation.....	11,254,217	67,610,899	108,703,370	15,857,662	119,306	15,738,356
Local transportation — Cartage, storage, etc.....	19,472,893	117,825,627	164,518,868	64,117,830	34,152,394	30,965,436
All other public utilities, including Express Cos.....	4,739,912	136,617,714	179,324,879	*10,771,236	1,757,720	*12,528,956
Total transportation and other public utilities †.....	6,621,395	63,792,117	151,545,863	44,380,792	7,276,794	37,103,998
Banks and trust companies:						
Banks, general, not properly defined or private bankers.....	\$63,186,887	\$694,387,638	\$1,076,273,640	\$282,899,127	\$49,631,423	\$213,267,704
National banks.....	\$376,718	\$23,089,347	\$44,789,821	\$13,684,802	\$2,992,560	\$10,692,242
State banks.....	706,242	43,037,278	109,456,455	45,839,566	8,905,211	36,934,355
Trust companies.....	133,691	4,597,278	5,734,166	24,864,351	117,298	24,747,053
Related business, including stock and bond brokers, realty, holding and development companies, real estate loan and insurance agents, holding and leasing realty, etc.....	635,927	31,954,113	98,176,189		4,352,291	20,512,240
Total banks and trust companies.....	23,823,790	127,037,460	315,495,576	16,582,800	5,029,405	11,553,395
	\$25,676,368	\$234,734,657	\$573,593,427	\$101,857,892	\$21,396,765	\$80,461,127

\* Deficit.

† See note, Table V-B.

TABLE V-D. INCOME WHOLLY EXEMPT FROM FEDERAL INCOME TAX, REPORTED BY TRANSPORTATION AND OTHER PUBLIC UTILITIES AND BANKS AND TRUST COMPANIES, STATE OF NEW YORK  
(Corporation income and profits tax returns for the calendar year ending December 31, 1918. Table compiled by Statistical Division, Income Tax Unit, Bureau of Internal Revenue)

INDUSTRIAL GROUPS	Divi nds from other corporations subject to federal income tax	Interest on obligations of the United States, etc.
Transportation and other public utilities:		
Steam railroads.....	\$5,692,239	\$727,272
Electric railways.....	1,146,248	7,630
Electric light and power.....	1,067,935	152,087
Gas companies.....	2,208,624	76,210
Telephone and telegraph companies.....	40,799,236	136,405
Water works.....	307,495	4,127
Other railroads.....	1,865,935	100,380
Water transportation.....	894,073	723,518
Local transportation — Cartage, storage, etc..	352,108	54,321
All other public utilities, including express companies.....	2,983,391	65,631
Total, transportation and other public utilities....	\$57,317,284	\$2,047,581
Banks and trust companies:		
Banks — general — not properly defined, or private bankers.....	\$475,708	\$968,511
National banks.....	3,588,047	4,208,761
State banks.....	129,556	195,696
Trust companies.....	1,992,889	3,005,057
Related business, including — Stock and bond brokers, realty, holding and development companies, real estate loan and insurance agents, holding and leasing realty, etc.....	7,621,828	259,253
Total, banks and trust companies.....	\$13,808,028	\$8,637,278

TABLE VI  
SUMMARY OF GROSS AND NET INCOME OF CORPORATIONS IN THE STATE OF NEW YORK, 1918  
Compiled from returns to the Bureau of Internal Revenue

CLASS OF CORPORATIONS	Num- ber of cor- pora- tions	Gross income, all corporations	Num- ber re- port- ing net income	Gross income, corporations reporting net income	Net income, corporations reporting net income	Num- ber re- port- ing no net income	Gross income, corporations reporting no net income	Deficit of corporations reporting no net income
I. Mercantile and manufacturing cor- porations (subject to tax, § 8-a).....	28,931	\$15,048,509,651	20,586	\$13,916,775,997	\$1,675,570,606	8,345	\$1,131,733,654	\$85,614,906
II. Transportation and other public utilities:								
Steam railroads.....	61	\$227,942,030	41	\$226,549,490	\$72,683,992	20	\$1,395,540	\$2,505,233
Electric railroads.....	48	86,384,181	15	72,375,971	16,435,151	23	14,108,210	1,298,355
All other railroads.....	74	124,530,876	45	90,114,259	16,984,587	29	34,416,617	1,157,090
Total, railroad transportation.....	183	\$438,857,087	101	\$388,936,720	\$106,083,662	82	\$49,920,397	\$4,930,678
Water transportation.....	427	228,636,938	279	216,998,554	67,015,643	128	11,638,144	2,897,813
Local transportation.....	1,405	168,553,643	975	79,566,731	7,408,715	430	89,046,912	18,179,951
Total transportation.....	2,015	\$836,047,428	1,375	\$685,442,005	\$180,508,020	640	\$150,605,423	\$26,008,442
Electric light and power companies.....	164	\$50,178,083	107	\$42,474,387	\$5,122,565	57	\$7,703,696	\$2,390,389
Gas companies.....	47	106,516,444	18	105,290,795	12,566,972	29	1,225,649	141,579
Total gas and electric.....	211	\$156,694,527	125	\$147,765,182	\$17,689,537	86	\$8,929,345	\$2,531,968
Telephone and telegraph.....	211	\$160,106,553	155	\$156,093,038	\$68,999,084	56	\$3,443,515	\$825,588
Water companies.....	163	10,397,604	117	9,504,633	1,125,644	46	392,971	137,949
All other public utilities.....	138	195,926,655	87	185,620,321	43,871,840	51	10,360,394	4,491,048
Total transportation and other public utilities.....	2,738	\$1,359,172,767	1,859	\$1,185,001,179	\$316,894,122	879	\$174,171,588	\$33,994,995

TABLE VI. — (Continued)

CLASS OF CORPORATIONS	Num- ber of cor- pora- tions	Gross income, all corporations	Num- ber re- port- ing net income	Gross income, corporations reporting net income	Net income, corporations reporting net income	Num- ber re- port- ing no net income	Gross income, corporations reporting no net income	Deficit of corporations reporting no net income
III. Financial corporations:								
National banks.....	470	\$155,298,051	452	\$154,071,710	\$46,087,501	18	\$1,226,341	\$247,935
State banks.....	62	9,560,549	57	7,455,648	892,749	5	2,164,961	6,556
Total National and State banks.....	532	\$164,858,600	509	\$161,527,358	\$46,980,250	23	\$3,331,242	\$254,491
Trust companies or bank and trust companies.....	201	120,039,720	187	117,006,068	30,578,688	14	3,033,652	348,843
Insurance companies.....	20	7,977,566	.....	7,697,309	.....	20	280,537	37,872
Banks, general, n. p. d. or private bankers.....	208	58,474,923	180	55,178,296	13,935,003	19	3,296,327	250,201
Total banking.....	961	\$351,350,309	885	\$341,409,031	\$91,493,941	76	\$9,941,778	\$801,407
Insurance companies.....	239	675,017,864	144	359,962,412	26,549,774	95	315,075,452	23,555,376
All other financial companies.....	350	961,982,243	202	944,612,416	10,980,688	148	17,369,827	4,117,661
Total financial corporations.....	1,550	\$1,983,350,916	1,231	\$1,645,983,859	\$129,024,403	319	\$342,367,057	\$28,564,444
IV. All others:								
Real estate, loan and insurance agents; realty holding and devel- opment companies.....	801	\$28,678,312	467	\$22,346,893	\$3,725,691	334	\$6,331,419	\$1,279,995
Holding companies.....	7,124	271,648,650	3,606	175,672,955	28,097,940	3,518	95,975,695	19,803,310
Realty businesses.....	6,391	594,327	11	38,444	5,008	6,380	596,083	497,120
Inactive concerns.....	14,316	\$300,921,489	4,084	\$198,058,292	\$31,828,639	10,232	\$102,863,197	\$21,580,425
Total "all others".....	47,535	\$18,696,954,823	27,760	\$16,945,819,327	\$2,153,317,770	19,775	\$1,751,135,496	\$169,754,770
Grand total.....								



TABLE VII  
CAPITAL, EARNINGS, EXPENSES AND DIVIDENDS OF NATIONAL BANKS IN NEW YORK STATE, 1911-1920

	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920
Number of banks.....	445	464	472	476	475	478	476	479	480	492
Capital.....	\$109,687,100	\$172,637,100	\$172,457,100	\$171,402,100	\$165,580,100	\$167,365,900	\$172,530,000	\$175,836,000	\$173,047,000	\$195,195,000
Surplus.....	159,831,941	164,879,839	169,987,940	153,021,775	164,584,768	164,833,642	177,688,000	197,034,000	206,576,000	245,411,000
Capital and surplus.....	329,569,041	337,516,939	342,445,040	324,423,875	330,164,868	332,199,542	350,218,000	372,870,000	379,623,000	440,606,000
Total gross earnings.....	38,761,313	85,529,531	93,358,389	97,476,743	103,210,076	125,582,266	145,329,000	189,372,000	213,848,000	257,248,000
Total expenses paid.....	20,942,087	48,149,771	50,008,205	30,834,153	57,027,277	74,717,268	80,753,000	112,340,000	137,381,000	163,059,000
Net earnings since last report.....	17,819,226	37,379,760	43,350,184	66,642,590	46,182,800	50,865,000	64,576,000	77,032,000	76,467,000	94,189,000
Provision for depreciation.....	.....	.....	.....	.....	.....	.....	.....	4,195,000	6,134,000	5,461,000
Total net earnings and recoveries on charged-off assets.....	.....	.....	.....	.....	.....	.....	.....	81,227,000	82,601,000	99,650,000
Total losses charged off.....	.....	.....	.....	.....	.....	.....	.....	31,883,000	18,412,000	36,363,000
Net addition to profits.....	.....	.....	.....	.....	.....	.....	.....	49,344,000	64,189,000	63,287,000
Taxes paid.....	15,390,311	31,376,428	33,708,709	30,903,179	23,983,494	36,599,953	48,661,000	11,006,000	16,853,000	18,681,000
Net addition to profits before payment of taxes.....	.....	.....	.....	.....	.....	.....	.....	60,350,000	81,042,000	81,968,000
Dividend of taxes.....	10,538,616	30,909,557	22,510,836	22,795,038	21,761,396	23,032,788	24,838,000	23,882,000	23,173,000	18,251,000
Ratio (expressed as percentages):										
Dividends to capital.....	6.04	17.90	13.62	13.25	13.12	13.75	14.40	13.59	13.49	9.28
Dividends to capital and surplus.....	3.12	9.16	6.86	7.01	6.58	6.97	7.10	6.41	6.10	4.12
Net addition to profits to capital.....	9.18	18.15	19.55	17.99	14.47	21.86	28.20	28.08	37.00	32.44
Net addition to profits to capital and surplus.....	4.73	9.30	9.84	9.50	7.26	11.05	13.38	13.24	16.90	14.35
Net addition to profits (before taxes) to capital.....	.....	.....	.....	.....	.....	.....	.....	34.40	46.80	42.00
Net addition to profits (before taxes paid) to capital and surplus.....	.....	.....	.....	.....	.....	.....	.....	16.17	21.39	18.62

TABLE VIII  
COMPARISON OF CAPITAL, SURPLUS, AGGREGATE RESOURCES AND REALTY HOLDINGS OF BANKS, TRUST COMPANIES AND INVESTMENT COMPANIES IN THE STATE OF NEW YORK, JUNE 30, 1920

(Based upon the reports of the Comptroller of the Currency and of the Superintendent of Banks of the State of New York)

	National banks	State banks	Trust companies	Investment companies*	Savings banks
Number of institutions.....	491	229	97	29	141
Capital.....	\$194,171,000	\$53,793,000	\$145,594,000	\$22,115,000	.....
Surplus and undivided profits.....	355,224,000	76,303,000	208,355,000	6,187,000	†\$188,020,000
Total capital, surplus and undivided profits.....	\$549,395,000	\$130,096,000	\$353,949,000	\$28,302,000	.....
Aggregate resources.....	5,573,517,000	1,460,557,000	3,563,321,000	134,861,000	\$2,588,320,000
Banking houses, furniture and fixtures.....	\$42,935,000	21,282,000	55,442,000	647,000	19,465,000
Other real estate.....	2,544,000	.....	.....	304,000	4,972,000

\* The classification of investment companies in the report of the State Superintendent of Banks does not correspond exactly with the classification set up in the Tax Law. The figures here given follow the former classification, except that foreign banking corporations are excluded. The condition of investment companies is shown as of December 31, 1920.

† Surplus on market value of stocks and bonds. The surplus on par value of stocks and bonds amounted to \$268,363,000.

‡ This item may be subdivided into "banking houses," \$40,211,000, and "furniture and fixtures," \$2,724,000.

TABLE IX

SUMMARY OF FINANCIAL INSTITUTIONS IN NEW YORK STATE  
Reporting to the Special Joint Legislative Committee on Taxation and  
Retrenchment

CLASS	Total number reporting*	Number operating at a profit (i. e. reporting a net income, 1918-1920)	Number operating at a loss
National banks.....	401	398	3
State banks.....	158	156	2
Trust companies.....	82	81	1
Investment companies.....	15	15	.....
Savings banks.....	135	135	.....

\* The numbers given in certain of the subsidiary tables do not exactly correspond to these figures. This is due to the fact that replies were received from a few institutions after some of the tables had been completed. It should also be noted that the corporations listed above and included in the subsidiary tables are only those from which complete returns were received. It was necessary to exclude certain of the returns received because of deficiencies in the data.

TABLE X

CAPITAL, INCOME, AND TAX PAYMENTS, NATIONAL BANKS IN  
NEW YORK STATE

(Based on returns to the Special Joint Legislative Committee on Taxation and  
Retrenchment)

	1918	1919	1920
Number of complete returns.....	397	397	397
Capital, surplus and undivided profits	\$400,820,656	\$454,361,969	\$517,122,655
Net taxable income as returned to the Commissioner of Internal Revenue, United States.....	52,819,551	66,079,715	70,651,281
Deficits.....	187,743	205,347	104,625
Dividends received from other cor- porations subject to Federal Income tax*.....	790,357	832,824	1,351,164
Non-taxable interest on Federal bonds.	3,060,626	4,604,525	5,028,755
State net taxable income.....	56,497,734	71,557,238	76,972,308
Deficits.....	14,943	245,521	45,733
Bank stock tax †.....	4,008,206	4,543,619	5,171,226
General property tax.....	998,592	1,056,204	1,161,951
Total New York taxes paid.....	5,006,798	5,599,823	6,333,177

\* There is a considerable discrepancy between this figure for 1918 and the corresponding item in Table V-D, prepared by the Bureau of Internal Revenue. In computing tax ratios the above figure, based upon returns of the individual banks to this Committee, has been used. The difference affects the ratios by less than half of 1 per cent, however.

† There is a lag of one year in the annual tax payments recorded in the Report of the Tax Commission, as compared with the figures given above. Thus the 1920 figures above would appear under the year 1921 (the fiscal year in which received) in the Report of the Tax Commission. This applies to the tax figures for all financial institutions.

TABLE Xa

RELATION BETWEEN TAXES AND NET INCOME, NATIONAL BANKS  
IN NEW YORK STATE

	1918 Percentage	1919 Percentage	1920 Percentage
General property tax to State Net taxable income*.....	1.7	1.5	1.5
Bank stock tax to State net taxable income.....	7.0	6.3	6.7
General property tax plus bank stock tax to State net taxable income*...	8.8	7.8	8.2
General property tax to capital, sur- plus and undivided profits.....	0.24	0.23	0.22
General property tax plus bank stock tax to capital, surplus and undivided profits.....	1.2	1.2	1.2
Dividends received from other cor- porations to State net taxable income.....	1.3	1.1	1.7
Non-taxable interest on Federal bonds to State net taxable income.....	5.3	6.4	6.5

\* If net income before property taxes have been deducted is used as a base, the following per-  
centages are secured:

	1918	1919	1920
General property tax to net income.....	1.7	1.5	1.5
General property tax plus bank stock tax to net income.....	8.7	7.7	8.1

TABLE XI

CAPITAL, INCOME, AND TAX PAYMENTS, STATE BANKS IN  
NEW YORK STATE

(Based on returns to the Special Joint Legislative Committee on Taxation and  
Retrenchment)

	1918	1919	1920
Number of complete returns.....	157	157	157
Capital, surplus, and undivided profits.	\$67,339,913	\$74,294,369	\$97,559,078
Net taxable income.....	7,490,900	11,568,099	14,403,961
Deficits.....	38,797	227,943	39,843
Dividends received from other cor- porations subject to Federal tax..	175,195	211,094	268,512
Non-taxable interest.....	518,711	987,878	954,677
State net taxable income.....	8,159,571	12,546,157	15,630,408
Deficits.....	13,562	7,029	43,101
Bank stock tax.....	673,399	742,943	975,590
General property tax.....	467,864	474,387	567,637
Total New York taxes paid.....	1,141,263	1,217,330	1,543,227

TABLE XIa  
RELATION BETWEEN TAXES AND INCOME, STATE BANKS IN  
NEW YORK STATE

	1918 Percentage	1919 Percentage	1920 Percentage
General property tax to State net taxable income*.....	5.7	3.7	3.6
Bank stock tax to State net taxable income.....	8.2	5.9	6.2
General property tax plus bank stock tax to State net taxable income*....	13.9	9.7	9.8
General property tax to capital, surplus and undivided profits.....	0.69	0.65	0.58
General property tax plus bank stock tax to capital, surplus and undivided profits.....	1.7	1.6	1.5
Dividends received from other corporations to State net taxable income.....	2.1	1.6	1.6
Non-taxable interest on Federal bonds to State net taxable income.....	6.3	7.8	6.1
* If net income before property taxes have been deducted is used as a base, the following percentages are secured:			
General property tax to net income.....		1918 5.4	1919 3.6
General property tax plus bank stock tax to net income.....		1920 3.5	1918 13.3
		1919 9.4	1920 9.6

TABLE XII  
CAPITAL, INCOME, AND TAX PAYMENTS, TRUST COMPANIES IN  
NEW YORK STATE

(Based on returns to the Special Joint Legislative Committee on Taxation and Retrenchment)

	1918	1919	1920
Number of complete returns.....	82	82	82
Capital, surplus, and undivided profits.....	\$281,773,403	\$292,764,579	\$314,480,509
Net taxable income as returned to the Commissioner of Internal Revenue, United States.....	24,947,640	29,979,388	39,550,061
Deficits.....	471,997	113,890	242,702
Dividends received from corporations subject to Federal income tax.....	3,460,124	3,214,284	3,501,313
Non-taxable interest on Federal bonds.....	2,013,899	1,784,109	1,328,241
State net taxable income*.....	30,284,791	34,863,891	44,299,594
Deficits.....	335,125		162,681
Franchise tax levied.....	2,817,734	2,927,645	3,144,805
Credit given on account of State bonds held.....	71,158	67,730	76,346
Franchise tax paid.....	2,746,576	2,859,915	3,068,459
General property tax.....	1,744,488	1,916,526	2,024,347
Total New York taxes.....	4,491,064	4,776,441	5,092,806

\* To secure a figure comparable to those given above for national and State banks, the amount paid as a franchise tax should be added to the income figures here given. This corrected figure has been used in working out the ratios.

TABLE XIIa  
RELATION BETWEEN TAXES AND INCOME, TRUST COMPANIES IN  
NEW YORK STATE

	1918 Percentage	1919 Percentage	1920 Percentage
General property tax to State net taxable income*.....	5.2	5.1	4.3
Franchise tax to State net taxable income.....	8.4	7.6	6.5
General property tax plus franchise tax to State net taxable income*..	13.6	12.7	10.6
General property tax to capital, surplus and undivided profits.....	0.61	0.65	0.64
General property tax plus franchise tax to capital, surplus and undivided profits.....	1.5	1.6	1.6
Credit given to tax levied.....	2.5	2.3	2.4
Dividends received from other corporations to State net taxable income.....	11.4	9.2	7.8
Non-taxable interest on Federal bonds to State net taxable income.....	6.6	5.1	2.9

\* If net income before property taxes have been deducted is used as a base, the following percentages are secured:

	1918	1919	1920
General property tax to net income.....	5.0	4.8	4.1
General property tax plus franchise tax to net income.....	12.9	12.0	10.3

TABLE XIII  
CAPITAL, INCOME, AND TAX PAYMENTS, INVESTMENT COMPANIES  
IN NEW YORK STATE

(Based on returns to the Special Joint Legislative Committee on Taxation and Retrenchment)

	1918	1919	1920
Number of complete returns.....	15	15	15
Capital.....	\$8,150,000	\$8,150,000	\$12,150,000
Surplus and undivided profits.....	2,180,654	2,358,430	3,825,619
Total.....	\$10,330,654	\$10,508,430	\$15,975,619
Net taxable income as returned to the Commissioner of Internal Revenue, United States.....	649,185	1,152,090	2,040,779
Deficits.....	20,045		

TABLE XIII—*Concluded*

	1918	1919	1920
Dividends received from corporations subject to Federal income tax.....	4,528	3,888	18,078
Non-taxable interest on Federal bonds.....	13,729	18,753	12,988
State net taxable income*.....	667,412	1,174,731	2,071,845
Deficits.....	20,015		
Tax levied.....	34,031	35,809	56,481
Credit given on account of State bonds held.....	10	50	50
Tax paid†.....	34,021	35,759	56,431
General property tax.....	11,633	23,071	14,756
Total New York taxes paid.....	45,654	58,830	71,187

\* To secure a figure comparable to those given above for national and State banks, the amount paid as a franchise tax should be added to the income figures here given. This corrected figure has been used in working out the ratios.

† Cf. footnote, table VIII.

TABLE XIIIa

RELATION BETWEEN TAXES AND INCOME, INVESTMENT COMPANIES IN NEW YORK STATE

	1918 Percentage	1919 Percentage	1920 Percentage
General property tax to State net taxable income*.....	1.6	1.9	.7
Franchise tax to State net taxable income.....	4.8	2.9	2.7
General property tax plus franchise tax to State net taxable income.....	6.5	4.9	3.4
General property tax to capital, surplus and undivided profits.....	0.11	0.22	0.1
Franchise tax to capital, surplus and undivided profits.....	0.32	0.3	0.3
General property tax plus franchise tax to capital, surplus and undivided profits.....	0.4	0.5	0.4
Credit given to franchise tax.....	0.0	0.0	0.0
Dividends received from other corporations to State net taxable income.....	0.67	0.33	0.87
Non-taxable interest on Federal bonds to State net taxable income.....	2.2	1.6	0.6

\* If net income before property taxes have been deducted is used as a base, the following percentages are secured:

	1918	1919	1920
General property tax to net income.....	1.6	1.9	.7
General property tax plus franchise tax to net income.....	6.4	4.8	3.3

TABLE XIV

SURPLUS, INCOME, AND TAX PAYMENTS, SAVINGS BANKS IN NEW YORK STATE

(Based on returns to the Special Joint Legislative Committee on Taxation and Retrenchment)

	1918	1919	1920
Number of complete returns.....	135	135	135
Surplus and undivided profits.....	\$144,780,305	\$147,036,336	\$98,080,640
Net earnings (as defined in New York Banking Law).....	84,203,342	91,556,330	105,510,976
Dividends paid to depositors.....	72,265,327	78,336,727	85,971,196
Net earnings over expenses and dividends*.....	14,274,279	16,920,404	23,275,379
Franchise tax levied.....	1,447,803	1,470,363	980,806
Credit given on account of State bonds held.....	183,512	184,892	188,929
Tax paid.....	1,264,291	1,285,471	791,877
Property tax paid.....			887,605

\* To secure a figure comparable to those given above for national and State banks, the amount paid as a franchise tax should be added to the net earnings figures here given. This corrected figure has been used in working out the ratios.

TABLE XIVa

RELATION BETWEEN TAXES AND NET EARNINGS, SAVINGS BANKS IN NEW YORK STATE

	1918 Percentage	1919 Percentage	1920 Percentage
General property tax to net earnings over expenses and dividends*.....			3.7
Franchise tax to net earnings over expenses and dividends.....	8.1	7.0	3.3
General property tax plus franchise tax to net earnings over expenses and dividends*.....			7.0
Credit given to franchise tax levied.....	12.6	12.5	19.3

\* If net earnings before property taxes have been deducted is used as a base, the following percentages are secured:

	1920
General property tax to net earnings over expenses and dividends.....	3.6
General property tax plus franchise tax to net earnings over expenses and dividends.....	6.8

TABLE XV  
GROSS INCOME, GROSS DEDUCTIONS, AND NET INCOME, 1912-1917  
*Steam Railroad Corporations in New York State*

YEAR	Gross income	Interest charges	Other deductions from gross income	Total deductions from gross income	Net income	Ratio of total deductions from gross income to gross income (per centage)	Tax accruals	Gross income before deduction of tax accruals	Net income before deduction of tax accruals	Ratio of tax accruals to gross income before deduction of tax accruals (percentage)	Ratio of tax accruals to net income before deduction of tax accruals (percentage)
1912.....	\$241,538,000	\$67,470,000	\$60,135,000	\$127,605,000	\$113,933,000	52.83	\$29,048,000	\$270,586,000	\$142,981,000	10.74	20.32
1913.....	261,328,000	71,725,000	63,023,000	134,748,000	127,773,000	51.21	29,723,000	291,051,000	157,346,000	12.29	19.88
1914.....	274,438,000	76,325,000	64,150,000	140,475,000	138,063,000	50.28	29,663,000	304,014,000	168,400,000	12.28	28.00
1915.....	274,595,000	80,512,000	66,901,000	147,413,000	127,182,000	46.64	29,663,000	304,177,000	194,514,000	11.67	27.78
1916.....	313,204,000	81,980,000	81,081,000	163,061,000	150,143,000	52.06	32,703,000	345,807,000	182,846,000	9.45	17.89
1917.....	270,040,000	84,680,000	81,327,000	166,016,000	104,024,000	61.47	30,809,000	309,849,000	143,333,000	12.85	27.96
Totals 1912-1917.....	\$1,580,800,000	.....	.....	\$878,751,000	\$602,049,000	57.13	\$191,606,000	\$1,722,404,000	\$843,745,000	11.13	22.71
Yearly average.....	255,135,333	.....	.....	145,458,499	108,674,333	.....	31,949,333	287,082,666	140,624,166	.....	.....

TABLE XVI  
GROSS INCOME, DEDUCTIONS FROM GROSS INCOME, AND NET INCOME, 1912-1917  
*Electric Railroad Corporations in New York State*

YEAR	Gross income	Interest charges	Other deductions from gross income	Total deductions from gross income	Net income	Ratio of total deductions from gross income to gross income (per centage)	Tax accruals	Gross income before deduction of tax accruals	Net income before deduction of tax accruals	Ratio of tax accruals to gross income before deduction of tax accruals (percentage)	Ratio of tax accruals to net income before deduction of tax accruals (percentage)
1912.....	\$49,323,759	\$5,441,000	\$981,000	\$3,075,118	\$10,248,641	67.06	\$7,338,790	\$56,662,549	\$23,587,431	13.19	31.11
1913.....	51,854,863	7,009,000	1,226,000	3,465,502	14,284,271	72.45	7,870,520	59,734,383	22,163,791	13.19	35.35
1914.....	52,988,593	8,635,000	1,286,000	3,901,608	13,586,985	74.36	7,856,936	60,845,529	21,443,921	12.91	38.54
1915.....	55,087,425	8,635,000	1,296,000	3,963,339	12,434,157	76.13	7,802,290	59,890,786	20,236,457	13.03	37.05
1916.....	55,087,425	7,604,000	1,529,000	41,513,484	14,174,438	71.54	8,343,461	64,031,933	25,511,933	15.66	49.43
1917.....	51,037,826	7,858,000	1,661,000	41,342,940	9,695,886	81.00	9,476,113	60,513,939	19,171,999	15.66	49.43
Total.....	\$312,981,459	.....	.....	\$32,557,081	\$89,494,378	74.30	\$48,807,110	\$361,678,569	\$129,121,488	13.46	37.71
Yearly average.....	52,163,576	.....	.....	38,736,513	19,404,063	.....	8,116,185	60,279,761	21,520,248	.....	.....



TABLE XVII  
GROSS INCOME, DEDUCTIONS FROM GROSS INCOME, AND NET INCOME, 1912-1917  
*Telephone Corporations in New York State*

YEAR	Gross income	Interest charges	Other deductions from gross income	Total deductions from gross income	Net income	Ratio of total deductions from gross income to gross income (percentage)	Tax accruals	Gross income before deduction of tax accruals	Net income before deduction of tax accruals	Ratio of tax accruals to gross income before deduction of tax accruals (percentage)	Ratio of tax accruals to net income before deduction of tax accruals (percentage)
1912	\$58,766,210	\$9,768,001	\$2,076,387	\$11,844,388	\$46,919,828	20.15	\$3,582,888	\$43,336,940	\$50,502,716	5.74	7.08
1913	61,937,891	12,151,921	2,534,317	14,686,238	47,251,653	23.00	3,893,673	43,357,980	51,141,070	5.91	7.60
1914	60,635,378	12,641,012	2,081,805	14,722,817	45,912,560	24.20	4,527,474	41,385,086	49,404,813	6.32	8.28
1915	62,186,051	10,675,146	2,773,605	13,448,751	48,737,304	21.60	4,557,369	44,179,935	50,694,703	6.54	8.19
1916	69,280,117	10,076,382	3,622,040	13,698,422	55,581,688	19.80	5,181,815	74,461,482	60,703,503	6.81	8.15
1917	72,994,828	14,433,441	3,952,250	18,385,691	54,608,133	25.20	8,730,635	81,725,463	63,334,768	10.68	1.78
Total	\$385,800,484	.....	.....	\$87,389,717	\$298,410,829	22.65	\$29,327,714	\$165,628,198	\$328,244,543	7.17	9.09
Yearly average	64,300,080	.....	.....	14,364,562	49,935,518	.....	4,971,285	69,271,366	54,707,423	.....	.....

TABLE XVIII  
GROSS INCOME, DEDUCTIONS FROM GROSS INCOME, AND NET INCOME, 1912-1917  
*Gas and Electric Corporations in New York State*

YEAR	Gross income	Interest charges	Other deductions from gross income	Total deductions from gross income	Net income	Ratio of total deductions from gross income to gross income (percentage)	Tax accruals	Gross income before deduction of tax accruals	Net income before deduction of tax accruals	Ratio of tax accruals to gross income before deduction of tax accruals (percentage)	Ratio of tax accruals to net income before deduction of tax accruals (percentage)
1912	\$50,402,314	\$6,910,012	\$11,378,569	\$18,288,581	\$32,113,733	36.28	\$6,040,688	\$26,073,045	\$38,154,431	10.70	15.83
1913	50,826,966	6,999,478	12,420,562	19,420,040	31,406,926	38.20	6,681,469	24,711,576	37,895,866	11.32	17.12
1914	52,912,525	7,387,462	12,180,371	19,567,833	33,344,692	38.96	6,654,469	26,687,226	39,886,161	11.15	16.60
1915	54,745,242	7,897,155	13,585,839	21,482,994	33,262,248	39.23	6,937,155	26,325,073	40,369,283	11.28	17.23
1916	59,761,813	8,027,638	14,883,489	22,910,840	36,840,978	38.35	9,072,836	68,834,654	45,913,314	13.18	19.76
1917	54,365,660	8,461,689	15,822,761	24,283,800	30,081,789	44.715	11,241,597	65,547,197	41,263,316	17.14	27.24
Total	\$322,954,465	.....	.....	\$125,814,208	\$197,140,257	38.95	\$46,442,665	\$37,997,150	\$243,582,861	12.58	19.10
Yearly average	53,825,744	.....	.....	20,969,094	32,856,709	.....	7,740,447	61,366,191	40,597,155	.....	.....



TABLE XIX

## PAVING COSTS OF ELECTRIC RAILWAYS, 1911-1920

(The figures presented in the following tables have been compiled by a committee representing the electric railways of the State, and are printed as submitted by them. The first table relates to the 56 companies covered by the Committee's investigations. The figures in the second table apply to 35 additional companies, while the third table presents the total costs for the entire 91 companies.)

The Committee does not wish to appear to take the position that these paving charges fall in the same category with taxes. It realizes that there is a strong difference of opinion as to their real economic character. A portion at least of these charges are clearly expenses properly chargeable to the companies to offset actual damage to the paving because of the presence of the tracks. The precise dividing line between such expenses and the portion of the payment which is economically of the nature of a tax is primarily an engineering problem, and is a proper subject for open legislative hearings at which the city engineers may have an opportunity to submit their views.)

## A—Paving Costs of 56 Companies

1911-1920

	Amounts chargeable for paving		
	To capital	To maintenance	Total
Year ended June 30, 1911.....	\$601,273	\$323,039	\$924,312
Year ended June 30, 1912.....	445,768	422,824	868,592
Year ended June 30, 1913.....	814,937	419,512	1,234,449
Year ended June 30, 1914.....	1,320,735	485,851	1,806,586
Year ended June 30, 1915.....	908,656	357,902	1,266,558
Year ended June 30, 1916.....	734,616	319,619	1,054,235
Six months ended December 31, 1916.....	503,200	182,509	685,709
Year ended December 31, 1917.....	671,626	375,369	1,046,995
Year ended December 31, 1918.....	377,454	362,515	739,969
Year ended December 31, 1919.....	371,439	466,208	837,647
Year ended December 31, 1920.....	282,494	837,800	1,120,294
Total.....	\$7,032,198	\$4,553,048	\$11,585,246

(19 Companies report no paving charges.)

TABLE XIX—Continued

## B—Paving Costs of 35 Companies

1911-1920

	Amounts chargeable for paving		
	To capital	To maintenance	Total
Year ended June 30, 1911.....	\$228,088	\$442,432	\$670,520
Year ended June 30, 1912.....	291,309	515,790	807,099
Year ended June 30, 1913.....	409,272	1,013,147	1,422,419
Year ended June 30, 1914.....	446,303	1,367,063	1,813,366
Year ended June 30, 1915.....	423,023	1,103,733	1,527,656
Year ended June 30, 1916.....	173,946	1,054,158	1,228,104
Six months ended December 31, 1916.....	141,081	435,105	576,186
Year ended December 31, 1917.....	259,930	702,607	962,537
Year ended December 31, 1918.....	103,124	606,044	709,168
Year ended December 31, 1919.....	112,085	954,118	1,066,203
Year ended December 31, 1920.....	76,627	1,040,264	1,116,891
Total.....	\$2,665,688	\$9,234,461	\$11,900,149

(12 Companies report no paving charges.)

TABLE XIX—Continued

C—Paving Costs of 91 Companies  
1911-1920

	Amounts chargeable for paving		
	To Capital	To Maintenance	Total
Year ended June 30, 1911.....	\$829,361	\$765,471	\$1,594,832
Year ended June 30, 1912.....	737,077	938,614	1,675,691
Year ended June 30, 1913.....	1,224,209	1,432,659	2,656,868
Year ended June 30, 1914.....	1,767,033	1,852,914	3,619,952
Year ended June 30, 1915.....	1,332,579	1,461,635	2,794,214
Year ended June 30, 1916.....	908,562	1,373,777	2,282,339
Six months ended December 31, 1916.....	644,281	617,614	1,261,895
Year ended December 31, 1917.....	931,556	1,077,376	2,009,432
Year ended December 31, 1918.....	480,578	968,559	1,449,137
Year ended December 31, 1919.....	483,524	1,420,326	1,903,850
Year ended December 31, 1920.....	359,121	1,878,064	2,237,185
Total.....	\$9,697,886	\$13,787,509	\$23,485,395

(31 companies report no paving charges.)

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